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SOUTH WORKS INDUSTRIAL REDEVELOPMENT PROJECT AREA

SOLO CUP COMPANY
REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

SOLO CUP COMPANY,
AN ILLINOIS CORPORATION

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

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LIST OF EXHIBITS

Exhibit A	*Redevelopment Area
Exhibit B	*Property
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Site Plan
Exhibit F	Construction Management Contract
Exhibit G	*Permitted Liens
Exhibit H	*Project Budget and MBE/WBE Budget
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	*Preliminary TIF Projection -- Real Estate Taxes
Exhibit L	Solo Cup PD
Exhibit M-1	*Form of City Note I
Exhibit M-2	*Form of City Note II
Exhibit M-3	*Form of City Note III
Exhibit N	*Public Benefits Program
Exhibit O	Army Corps Parcel Legal Description
Exhibit P	Estimated Available Incremental Taxes
Exhibit Q	Site Preparation Costs
Exhibit R	Seawall Easement Agreement
Exhibit S	Conservation Easement
Exhibit T	Specifications for Army Corps Garage

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

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

SOLO CUP COMPANY
REDEVELOPMENT AGREEMENT

This Solo Cup Company Redevelopment Agreement (the "Agreement") is made as of the ____ day of __________, 2001, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Solo Cup Company, an Illinois corporation (the "Developer").

RECITALS

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

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

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C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on November 3, 1999: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the South Works Industrial Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the South Works Industrial Redevelopment Project Area as 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 South Works Industrial Redevelopment Project Area" (the "TIF Adoption Ordinance") (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project and Related Actions: The Developer intends to purchase (the "Acquisition") certain property located within the Redevelopment Area and legally described on Exhibit B hereto (the "Property") from the Carnegie - Illinois Steel Corporation, a New Jersey corporation, an affiliate or predecessor in interest of USX Corporation, a Delaware corporation ("USX"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the following: (i) site preparation of the Property, including demolition and/or removal of certain existing foundations on the Property, elevation of all or a portion of the Property as needed in connection with the Project (defined below), and incurring civil engineering and related soft costs; (ii) construction of an approximately 1,000,000 square foot industrial facility ("Facility"); and (iii) construction of a railroad spur linking the Facility to the existing railroad tracks that are adjacent to the Property (all the foregoing (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) referred to herein as the "Project"). The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement. In addition, the City, the State of Illinois and USX will take certain actions and provide financial assistance in connection with the Developer's completion of the Project and operation of its business at the Facility, including the following: (a) the agreement by the City to provide financial assistance and construct roadways as described herein; (b) the agreement by USX to donate certain land to the City, contribute to the cost of certain Site Preparation Work (defined below), pay the costs of relocating utilities from the Property (above-ground utilities, towers, electric substation and water clarifier), and relocate railroad tracks from the Property, as described in the USX Agreement (defined below); and (c) the commitment by the State of Illinois to provide Grant Funds (defined below) for the cost of certain Site Preparation Work.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago South Works Industrial Tax Increment Financing Redevelopment Project and Plan

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(the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) the proceeds of the City Notes (defined below) to reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Notes, and (ii) funds of the City, from sources other than Incremental Taxes, to assist the Developer in acquiring the Property and completing the Project, which funds are intended to be repaid to the City from Incremental Taxes (to the extent allowed by the Act) as set forth in the USX Agreement (defined below).

In addition, the City may, in the future and in its sole discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes (defined below) as described in Section 4.03(d) hereof, the proceeds of which will be used to pay any amount remaining due under the City Notes and otherwise as the City determines.

G. USX Agreement: In connection with the development of the Property and other property located within and surrounding the Redevelopment Area, the City is entering into a Redevelopment Agreement, a Land Conveyance and Use Agreement and an Installment Sales Agreement, each dated the date hereof, with USX (collectively, the "USX Agreement"). The USX Agreement provides, among other things, for USX to (i) sell the Property to the Developer as contemplated hereby, (ii) pay the costs of relocating utilities from the Property, (iii) contribute to the cost of certain Site Preparation Work, subject to limitations specified therein, and (iv) donate certain parcels to the City and the Chicago Park District for use as park space, roadways and the realignment of Route 41. The USX Agreement also provides, among other things, that the City will issue two notes to the Developer, which will then be assigned to USX as part of the consideration for the acquisition of the Property.

H. Class 8 Tax Incentive: Pursuant to an application of the City to the Cook County Assessor, as authorized by an ordinance approved by the City Council on September 1, 1999, the Cook County Assessor has designated an area, that includes the Property, as eligible to receive the Class 8 Real Estate Tax Incentive. The Developer intends to apply to the Cook County Assessor to be eligible to receive that tax incentive for the Property, which application will include an ordinance approved by the City Council on May 2, 2001 supporting the Developer's application.

I. Enterprise Zone Incentives: The Property is located in City Enterprise Zone No. 3, and the Developer can receive certain City and State Enterprise Zone incentives in connection with the Project.

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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:

"Acquisition" shall have the meaning set forth in Recital D hereof.

"Act" shall have the meaning set forth in Recital B hereof.

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

"Army Corps Parcel" shall mean the parcel of land identified with the P.I.N. 26-05-200-005, a legal description of which is attached as Exhibit O hereto.

"Available Incremental Taxes" shall mean an amount equal to ninety-seven and one-half percent (97.50%) of the Incremental Taxes deposited in the South Works Industrial Redevelopment Project Area Special Tax Allocation Fund attributable to the taxes levied on the Initial Development Site after the Closing Date. For purposes of this definition, the Incremental Taxes attributable to the taxes levied on the Initial Development Site in any year will be calculated by taking the total Incremental Taxes generated by the Property for the particular year, multiplied by the ratio of: (i) the sum of the total assessed value of the land referred to herein as the Property (separate from improvements thereon), the total assessed value of the improvements on the Property other than buildings and other structures, and, for the improvements consisting of buildings and other structures, the Adjusted Building Assessed Value, in each case based on data provided by the Assessor's Office of Cook County for that year; to (ii) the total assessed value of the Property for that year. "Adjusted Building Assessed Value" in any year shall mean the total assessed value of the buildings and other structures for that year, multiplied by the ratio (never to exceed 1.0) of: (A) the total square footage of the Facility and any other structures included in the Initial

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Development Site (not to exceed a Facility footprint of 1,200,000 square feet); to (B) the total square footage of the buildings and other structures on the Property which have been fully assessed in that year.

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

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

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

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

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

"City Funds" shall mean the funds paid to the Developer (or transferees of City Note I or City Note III) to make payments of principal and interest on the City Notes, along with those funds provided pursuant to Section 4.03(b)(i)(1) hereof.

"City Note I" shall mean the City of Chicago Tax Increment Allocation Revenue Note (South Works Industrial Redevelopment Project), Series A, to be in the form attached hereto as Exhibit M-1, in the maximum principal amount of $2,992,489, issued by the City to the Developer on the date hereof. The City Note I shall bear interest at an annual rate of eight percent (8.0%) and shall provide for accrued, but unpaid, interest to bear interest at the same rate.

"City Note II" shall mean the City of Chicago Tax Increment Allocation Revenue Note (South Works Industrial Redevelopment Project), Series A, to be in the form attached hereto as Exhibit M-2, in the maximum principal amount of $12,641,000 (as adjusted pursuant to the definition of Maximum Principal Amount) issued by the City to the Developer on the date hereof. The City Note II shall bear interest at an annual rate of nine percent (9.0%) and shall provide for accrued, but unpaid, interest to bear interest at the same rate.

"City Note III" shall mean the City of Chicago Tax Increment Allocation Revenue Note (South Works Industrial Redevelopment Project), Series A, to be in the form attached hereto as Exhibit M-3, in the maximum principal amount of $1,216,511, issued by the City to the Developer on the date hereof. The City Note III shall bear interest at an annual rate of eight percent (8.0%) and shall

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provide for accrued, but unpaid, interest to bear interest at the same rate.

"City Notes" shall mean, collectively, City Note I, City Note II and City Note III.

"City's Designated Share" shall have the meaning set forth in Section 4.03(c).

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

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

"Construction Manager" shall mean Harbor Contractors, Inc.

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

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

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

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

"Facility" shall have the meaning set forth in Recital D hereof.

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"Geotechnical Study" shall have the meaning set forth in Section 3.08 hereof.

"Grant Funds" shall mean funds provided to the Developer for the Project from the Illinois Department of Commerce and Community Affairs under the Large Business Grant Program.

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

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

"Initial Development Site" shall mean the portion of the Property identified on the Site Plan attached hereto as Exhibit E, including the Facility and related improvements.

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

"Maximum Principal Amount" shall mean the maximum principal amount (the "Maximum Principal Amount") of City Note II, and will be calculated as follows: (a) if the Premium Costs (exclusive of utility relocation) for the Project equal or exceed $17,265,000, then the Maximum Principal Amount will be $12,641,000; (b) if the Premium Costs (exclusive of utility relocation) are less than $17,265,000, but exceed $16,066,511, then the Maximum Principal Amount will be reduced from $12,641,000 for each dollar that such costs are less than $17,265,000; and (c) if the Premium Costs (exclusive of utility relocation) are less than or equal to $16,066,511, then the Maximum Principal Amount will be $11,442,511.

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

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

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

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

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

"Plans and Specifications" shall mean construction documents containing a site plan and working drawings and specifications for the Facility, and working drawings and specifications for the Site Preparation Work and for the construction of the railroad on the Property. The Plans and Specifications will also contain a site plan for the Project and the Property which will accommodate truck and rail access to parcels north of the Property (within the Redevelopment Area).

"Premium Costs" shall mean those costs incurred in connection with the Site Preparation Work, including foundation work and consulting fees related thereto, that are incurred as a result of the Property's unique elements as compared to a greenfield site.

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

"Project Budget" shall mean the budget attached hereto as a part of Exhibit H, showing the total cost of the Project by line item, and designating which costs are Premium Costs, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

"Project" shall have the meaning set forth in Recital D hereof.

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

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

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

"Scope Drawings" shall mean preliminary construction documents containing preliminary drawings and specifications for the Facility.

"Site Preparation Work" shall mean the cost of site preparation associated with preparing the Property, and the portion

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of the Army Corps Parcel to be conveyed to the Developer hereunder, for development as an industrial site, which are set forth in Exhibit Q attached hereto and are designated in the Project Budget.

"Solo Cup PD" shall mean the Planned Development proposed by the Developer and approved by DPD, a copy of which is attached hereto as Exhibit L.

"South Works Industrial TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"State" shall have the meaning set forth in Recital A hereof.

"State Loan" shall have the meaning set forth in Section 3.17 hereof.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or lender(s) providing Lender Financing).

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

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

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

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

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

"Title Company" shall mean Chicago Title and Trust Company.

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

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the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"USX" shall have the meaning set forth in Recital D hereof.

"USX Agreement" shall have the meaning set forth in Recital G hereof.

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

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

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SECTION 3. THE PROJECT

3.01 The Project. With respect to the Project, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence no later than August 15, 2001; and (ii) complete construction and conduct business operations at the Facility no later than April 30, 2004, with such time periods to be extended for a period equal to the length of the City's delays, if any, in fulfilling its obligations hereunder.

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

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Eighty-Eight Million, Four Hundred Fifty Thousand Dollars ($88,450,000). The Developer hereby certifies to the City that (a) the City Funds, together with Lender

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Financing, Equity, the Grant Funds and the other sources described in Section 4.01 hereof, shall be sufficient to complete the Project; and (b) based on available information as of the date hereof, the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the square footage of the Facility by more than ten percent (10%) from the amount contemplated hereby; (b) a change in the use of the Property to a use other than as contemplated hereby; (c) a change in the site layout of the Facility and the Property; or (d) a delay in the completion of the Project by more than 30 days. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval (to the extent required in this section). The Construction Management Contract, and each contract between the Construction Manager 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 available pursuant to this Agreement or provide any other additional assistance to the Developer.

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

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Facility or any other portion of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of each subcontractor's bonding as required in Section 6.03 hereunder. The Developer shall deliver evidence of such permits, approval and bonding to DPD when obtained.

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

3.08 Geotechnical Study. The Developer has delivered to the City for its review a Geotechnical Study (the "Geotechnical Study") regarding the plan for the Site Preparation Work to be done on the Property as part of the Project. The Geotechnical Study includes as factors in its determinations the cost-effectiveness of alternative approaches, the estimated time of completion of each of the alternative approaches and the impact on the ability of the Developer to complete the Project in a timely fashion hereunder, with full consideration of reasonable business risks. The approach to be used will be determined by the Developer, subject to approval by the City. The costs of the Geotechnical Study will be shared by the City and the Developer as provided in Section 4.04 hereof.

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

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

3.11 Utility Connections. The Developer may connect all on-site water, sanitary, gas, electric storm and sewer lines constructed on the Property to City utility lines located along the to-be-constructed 87th Street extension or Avenue O extension 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,

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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.

3.13 Construction of Roadways. In connection with the Project, the City will use its commercially reasonable efforts to take the following actions, subject to the provisions of Section 18.17 hereof:

(a) design and construct an east-west industrial roadway with utilities extending east from 87th Street on a strip of land up to 120 feet wide (120 feet wide at the terminus) that USX has agreed to donate to the City pursuant to the USX Agreement, which roadway will provide access to the Facility from Harbor Avenue. This roadway will be open to traffic by June 1, 2003. In addition, by October 1, 2002, the City will provide vehicular and City utility access to the Solo Cup Site in a form acceptable to both parties; and

(b) design and construct improvements pursuant to CDOT project No. B-9-373 for South Harbour Avenue, South Avenue O and East 87th Street and vertical clearance improvements for CDOT project No. B-9-375-128 for 95th Street and South Chicago Avenue. All improvements will be open to traffic by June 1, 2003; and

(c) design and construct new entrance and exit ramps to the Chicago Skyway at 92nd Street pursuant to CDOT project No. E-0-561. All improvements will be open to traffic by June 1, 2003;

provided, that these obligations are conditioned on the City's receipt of funds from the State of Illinois to provide all of the necessary funds for such work. As of the date hereof, the City understands that the State of Illinois has earmarked (but not allocated) funds for this work, and that the funds will not be allocated until the State has approved the contracts for such work.

3.14 Army Corps of Engineers Parcel. The City will make good faith efforts to have the United States Army Corps of Engineers (the "Army Corps") convey a portion of the Army Corps Parcel to the City, at the cost of the City, which will then convey the designated portion thereof to the Developer, by a quitclaim deed, for $1.00 in consideration. The portion of the Army Corps Parcel to be conveyed will be identified on Exhibit O hereto. Prior to such conveyance, the City will work with the Developer and the Army Corps to provide the Developer with a temporary construction easement so that the Developer will have access to the parcel to be conveyed for construction of the Facility, and so that the Army Corps will clear rocks from the parcel to be conveyed within six months from the Closing Date to allow the Developer to install sewer and utilities on such parcel.

3.15 Park Land. The City shall develop the 300 foot wide area between the Property and Lake Michigan and create a primarily

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passive park with plantings and pathways (which may also include tot lots) by December 31, 2003. Any bathrooms will be placed near the northern end of this area, near the 87th Street cul-de-sac. Within this area vehicular traffic will not be open to the public. No other buildings for public use will be constructed. The Developer acknowledges that the southern most portion of such area may be used by the Army Corps to store rocks on a transitional basis until the Army Corps is able to utilize its replacement site.

3.16 Stormwater. Stormwater runoff shall be conveyed to and stored with a detention storage facility for all areas of new development within the Property. The volume of stormwater detention storage to be provided shall be calculated based on the following criteria:

(a) the design outflow from each detention storage facility shall be no more than 0.04 cfs per tributary acre for the 2-year recurrence interval storm event. This rainfall event is defined as 2.16" of rainfall within a 24-hour period;

(b) the maximum design outflow from each detention storage facility to the City sewer system shall be no more than 0.10 cfs per tributary acre for the 10-year recurrence interval storm event. This rainfall event is defined as 3.89" of rainfall within a 24-hour period;

(c) the required detention storage is the volume required to satisfy conditions (a) and (b). Runoff from rainfall events of greater magnitude than the 10-year event (defined as the occurrence of 3.89" of rainfall within a 24-hour period) will not be detained. Overflow, via sheet flow, from each detention facility will be directed to the most convenient body of water, including Lake Michigan, Calumet River and the South Slip. Outfalls from each detention facility will be directed to the most convenient body of water (excluding Lake Michigan) using existing outfalls. The location and means of conveying stormwater through the lakefront conveyance parcels (meaning those parcels to be conveyed by USX to the City pursuant to the USX Agreement) or any other parcels owned by the Park District or the City shall be subject to approval by the Park District or the City, as applicable;

(d) the total development area shall conform to the release rate standards described in (a) and (b). If it becomes necessary, due to site limitations, a detention storage facility may release at a greater rate than is allowable. However, a corresponding facility or facilities must release at a rate that is less than allowable such that total area conforms to (a) and (b);

(e) the size, shape, location, maximum depth and slope, and type of detention facility to be provided is at the sole discretion of Developer; and

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(f) discharge from each detention facility may be conveyed to either an existing or a proposed City storm sewer. The required detention storage will not be increased due to a restriction in the capacity of the receiving storm sewer.

3.17 Seawall Construction and Maintenance. (a) For the approximately 800 foot portion of the seawall along the Calumet River designated on the Site Plan which is Exhibit E hereto (such portion, the "Developer Seawall"), the Developer will construct and repair the seawall according to specifications agreed to by the City and the Developer. The work will be completed by the date specified in Section 3.01(ii) hereof. Prior to the commencement of the work, the Developer will obtain appropriate marine insurance for the work, naming the City as an additional insured. After completion of the work, the City will permanently maintain the structural components of the Developer Seawall, and the Developer will provide access to the City for maintenance purposes pursuant to an easement agreement, which is attached hereto as Exhibit R, which the parties will execute on the Closing Date (the "Seawall Easement Agreement"). The City's maintenance obligation will not extend to damage caused by the Developer. The funds used in the construction and repair of the Developer Seawall will be obtained by the Developer by the Closing Date from the proceeds of a loan in the principal amount of $1,900,000 from the State to the Developer under the State's Large Business Development Program (the "State Loan"). The City hereby agrees that it will assume or guarantee the repayment of the State Loan pursuant to documents acceptable to the City, the State and the Developer. The terms of repayment of the State Loan, including the interest rate, will be negotiated between DPD and the State. The source of repayment of the State Loan by the City will be Incremental Taxes which have not otherwise been pledged to the Developer hereunder or to USX under the USX Agreement, or any other legally available funds.

(b) With respect to the remainder of the seawall along the Calumet River, from the eastern boundary of the Developer Seawall to the Lake Michigan shoreline, the City will permanently maintain the structural components of the seawall, but the obligation of the City of maintenance and repair will not extend to damage caused by the Developer. The Developer will grant an easement to the City of up to 50 feet so the City can maintain this portion of the seawall, which easement will be reflected in the Seawall Easement Agreement.

3.18 Conservation Easement. For the purposes of providing natural habitat and ecological improvements that compliment development in the Calumet region, and to achieve the goals of the Calumet open space preserve, Developer will establish a 30 foot easement along the Calumet River edge. Within such easement area, the Developer will utilize native plantings that serve as good habitat for migrating birds along the international flyway. The easement will be established under the terms of a conservation easement agreement, which will be executed on the Closing Date in

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the form attached hereto as Exhibit S (the "Conservation Easement Agreement").

3.19 Army Corps Garage. At Closing, the City will pay $130,000 to Developer to build a 2,000 square foot garage on the South Slip parcel of the South Works Site which is to be acquired by the City from USX at Closing. Such garage will be constructed to plans and specifications as outlined in Exhibit T. The City will grant any necessary access easements to Developer for access to the South Slip parcel to construct such garage.

3.20 Crushing Permit. The City will use its best efforts to grant a crushing permit to Developer within 60 days of receipt of Developer's completed permit application.

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SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be $88,450,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections 4.03(b) and 4.06)	$67,564,221
Grant Funds	9,960,000
State Loan for Rail	795,000
State Overage for Soil	682,000
City Funds - Cash for Acquisition	3,234,779
City Funds - Cash for Geotechnical Study	100,000
City Assumption/Guaranty of State Loan for Seawall Repair	1,905,000
Proceeds of City Note I	2,992,489
Proceeds of City Note III	1,216,511
ESTIMATED TOTAL	**$88,450,000**

4.02 Developer Funds. Equity may be used to pay any Project cost, including, but not limited to, Redevelopment Project Costs. The Developer may, in its discretion use proceeds of Lender Financing in place of Equity.

4.03 City Funds.

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

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as subcontractor's invoices, lien waivers and other evidence of payment).

(b) Sources of City Funds. (i) Subject to the terms and conditions of this Agreement, including, but not limited to, this Section 4.03 and Section 5 hereof, the City hereby agrees to provide financial assistance to the Developer through the following: (1) the payment by the City to the Developer of $3,234,779 on the Closing Date to assist in the payment of the purchase price of the Property; (2) the City's agreement to repay the State Loan as described in Section 3.17 hereof; (3) the issuance of City Note I and City Note III to the Developer on the Closing Date, which notes will be assigned to USX with the consent of the City as a part of the consideration given to USX by the Developer for the purchase of the Property; and (4) the issuance of City Note II to the Developer on the Closing Date, with the principal amount thereof to be increased from time to time, but not more frequently than quarterly, upon the request of the Developer, to reimburse the Developer for the costs of TIF-Funded Improvements paid in connection with the Site Preparation Work. The maximum principal amount of City Note II shall be the lesser of (x) the Maximum Principal Amount and (y) the City's Designated Share. Any request by the Developer to increase the principal amount of City Note II shall be accompanied by evidence, satisfactory to DPD, that the designated Site Preparation Work has been performed and that the Developer has paid for that work. The certification of such costs by DPD shall be subject to Section 5.16 hereof.

(ii) The principal of and interest on City Note I and City Note II shall be payable only from Available Incremental Taxes. The estimated Available Incremental Taxes for the Term of the Agreement are set forth on Exhibit P hereto. In addition, the availability of City Funds to make payments under the City Notes is subject to the following: (A) that the actual amount of the Available Incremental Taxes (or portion thereof) shall be sufficient to make payments of principal and interest under the City Notes; and (B) with respect to City Note II, that no payments under that note shall be made until City Note I has been paid in full. The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements hereunder is contingent upon the fulfillment of the conditions set forth in clauses (A) and (B) above. The principal of and interest on City Note III shall be payable only from ninety-seven and one-half percent (97.5%) of the Incremental Taxes deposited in the South Works Industrial Redevelopment Project Area Special Tax Allocation Fund attributable to taxes levied on the Property after the Closing Date, but which are not otherwise included in the definition of Available Incremental Taxes.

(iii) In the event that the principal and interest on City Note II are not paid in full by the maturity date thereof, the City will continue to make payments of Available Incremental Taxes to the Developer, until the expiration of the Term of the Agreement,

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in an amount not to exceed the sum of (A) the outstanding principal amount of City Note II at the maturity date, and (B) the outstanding accrued interest on City Note II as of the maturity date, to the extent that there are TIF-Funded Improvements in the amount of such outstanding accrued interest that have not already been reimbursed hereunder through payments of principal on City Note II. Payments made by the City hereunder after the maturity date are not payments on City Note II, and the outstanding amount shall bear no interest.

(c) City's Designated Share. The City agrees to reimburse the Developer for a portion of the actual costs of Site Preparation Work that the Developer has paid, and this reimbursement will occur through payments on City Note II (subject to the provisions of subsection (b) above). The amount to be so reimbursed by the City (the "City's Designated Share") shall be further limited by the following: (i) the costs to be reimbursed must be Premium Costs; (ii) the costs to be reimbursed must be TIF-Funded Improvements; and (iii) the amount of such costs to be reimbursed, when added to the Grant Funds, other funds from the State and funds from the City made available for Site Preparation Work (currently estimated to be $13,442,000, comprised of $9,960,000 in grant funds, $1,905,000 from the State for seawall construction, $795,000 from the State for rail, $682,000 from the State for site preparation costs, and $100,000 for geotechnical study), do not exceed the sum of $13,442,000 plus the Maximum Principal Amount. However, if the Developer has paid costs of the Site Preparation Work which are Premium Costs but are not TIF-Funded Improvements, the amount of such costs (the "Excluded Amount") will not be counted in calculating the City's Designated Share, but, subject to the limitations in clause (iii) above, the cost of TIF-Funded Improvements (in an amount not to exceed the Excluded Amount) paid by the Developer which are not Premium Costs may be counted in calculating the City's Designated Share. The City shall only reimburse the Developer for the actual costs of Site Preparation Work paid by the Developer, and not costs which are paid from Grant Funds or other funds from the State or the City. The actual costs of Site Preparation Work will be determined at the times and in the manner described in subsection (b) above.

(d) TIF Bonds. The Commissioner of DPD may, in his or her sole discretion, recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the opinion of the Comptroller of the City, are marketable under the then current market conditions. The proceeds of TIF Bonds would be used to pay the outstanding principal and accrued interest under the City Notes, and for other purposes as the City may determine. The costs of issuance of the TIF Bonds would be borne by the City. The Developer will cooperate with the City in the issuance of the TIF Bonds, as provided in Section 8.05 hereof.

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4.04 Cost of Geotechnical Study. The cost of the Geotechnical Study is $422,500, and is to be shared as follows: (i) the City will pay $100,000 to the Developer on or before the Closing Date upon receipt of evidence from the Developer that the Geotechnical Study has been completed and $100,000 of costs have been incurred; and (ii) the remaining $322,500 will be considered a Premium Cost and a part of the cost of Site Improvement Work paid by the Developer hereunder, subject to the City's receipt of evidence that the cost has been paid by the Developer.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

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

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

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

SECTION 5. CONDITIONS PRECEDENT

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

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

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD, and DPD shall have approved, a site plan and building elevation drawings and, as applicable, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. As required by Section 3.06, the Developer shall have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity and Grant Funds in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. The City and USX must be ready to execute and deliver the USX Agreement as of the Closing Date. Any liens against the Property in existence at the Closing Date shall be subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the City shall disburse a portion of City Funds in an amount not to exceed $3,235,000 to the Developer to assist in payment of the purchase price of the Property as provided in Section 4.03(b) hereof. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. Not less than five (5) business days prior to the Closing Date, the Developer, at its own

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expense, shall have provided the City with current searches under the Developer's name as follows:

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

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

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

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

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

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

5.11 <u>Grant Funds</u>. The Developer shall provide evidence of the agreement by the State of Illinois to provide Grant Funds for the Site Preparation Work in an amount contemplated by this Agreement.

5.12 <u>Easement Agreements</u>. The Developer shall have provided executed copies of the Conservation Easement Agreement and the Seawall Easement Agreement to the City.

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5.13 Solo Cup PD. The Solo Cup PD shall have been approved by the City Council of the City. USX shall have had the opportunity to review and approve the Solo Cup PD.

5.14 Corporate Documents. The Developer shall provide a copy of its Articles of Incorporation containing the original certification of the Secretary of State of its state of incorporation; certificate of good standing from the Secretary of State of its state of incorporation; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such other corporate documentation as the City may request.

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

5.16 Site Preparation Work. In connection with the certification of the actual cost of Site Preparation Work, the Developer shall submit documentation of such expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request to certify such costs shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request, that:

(a) the total amount requested to be certified represents the actual cost of the Site Preparation Work;

(b) the Developer has approved all Site Preparation Work, and such work conforms to the Plans and Specifications;

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

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

(e) 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

(f) 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 amounts necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project

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Funds" as used herein shall mean: (i) the undisbursed Lender Financing, if any; (ii) the undisbursed Equity and (iii) any other sources set forth in Section 4.01 hereof. 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, submit evidence that it has available funds for the Project in an amount that will place the Project In Balance.

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 certification of costs 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. Prior to any disbursement of City Funds, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, 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 and this Agreement.

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SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for Subcontractors. The City has approved the Construction Manager. Prior to entering into an agreement with any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the Construction Manager to solicit, bids from qualified contractors eligible to do business with the City of Chicago. For the TIF-Funded Improvements, the Developer shall cause the Construction Manager to select the subcontractor submitting the lowest responsible bid (in Developer's reasonable discretion) who can complete the Project in a timely manner. If the Construction Manager selects any subcontractor submitting other than the lowest responsible bid (in Developer's reasonable discretion) for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be considered in calculating the City's Designated Share. In the quarterly progress reports required by Section 3.07, the Developer will include evidence whether bids were solicited for the contracts let during that quarter. The Developer shall submit copies of the Construction Management Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within twenty (20) business days of the execution thereof. The Developer shall cause the General Contractor to ensure that the subcontractors shall not begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution thereof, the Developer has delivered to DPD a copy of the proposed Construction Management Contract with the Construction Manager

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

6.03 Performance and Payment Bonds. Prior to commencement of any portion of the Project which includes work in the public way, the Developer shall require that the applicable contractor be bonded for its performance and payment by sureties having an AA rating or better using a form acceptable to the City. The City shall be named as obligee or co-obligee on such bond.

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the Construction Manager 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 Management Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements; Construction Manager only), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction. Upon completion of the construction of the Facility and completion of the Site Preparation Work and railroad construction portions of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction and completion of the items specified in Section 7.01 above, and upon

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its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, 8.06 and 8.19 as covenants that run with the land are the only covenants in this Agreement that shall be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

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

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

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

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

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

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

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(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 corporate action, and does not and will not violate its Articles of Incorporation or by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

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

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

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

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

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

(i) [Omitted]

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD if such action would affect the ability of the Developer to complete the Project: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except (A) in the ordinary course of business or (B) in the case of a sale or transfer of all or substantially all of its assets or of the Property, to an entity which is an Affiliate and will carry on the business of the Developer as contemplated by and pursuant to the

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terms of this Agreement, as long as such affiliated entity complies with the provisions of Section 18.15 hereof; (3) enter into any transaction outside the ordinary course of the Developer's business; or (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity other than an Affiliate or pursuant to an acquisition;

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

(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.

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

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

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

8.05 Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Project, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements(the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The

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Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition relating to the Project and assisting the City in preparing an offering statement with respect thereto, but not including incurring out-of-pocket expenses.

8.06 Job Creation and Retention; Covenant to Remain in the City; Uses.

(a) Not less than five hundred fifty (550) full-time equivalent, permanent jobs shall be retained by the Developer at the Facility after completion of its construction, and not less than four hundred fifty (450) additional full-time equivalent, permanent jobs shall be created by the Developer by July 31, 2013, for a total of one thousand (1000) full-time equivalent, permanent jobs to be retained and created by the Developer at the Facility through the 5 year period beginning on the date that 1000 jobs are created, with 750 jobs to be retained during years 6-10 thereafter. In the event that the number of full-time equivalent, permanent jobs at the Facility is less than four hundred (400), the Developer shall have a twelve-month cure period in order to increase the number of such jobs up to a level equal to or exceeding four hundred (400). If, at the end of such cure period the number of such jobs is still below four hundred (400), then interest on City Note II shall cease to accrue and the City may suspend payments of principal and interest on City Note II until such time as the number of full-time equivalent, permanent jobs at the Facility equals or exceeds four hundred (400). Upon the written request of the Developer, the City may extend such twelve-month cure period for an additional twelve (12) months if the Developer can demonstrate to the City that the drop in employment levels and decision not to employ four hundred (400) employees are a result of unforeseen changes in the condition of the economy and not the result of the Developer's lack of commitment to its operations at the Facility. The provisions of this subsection (a) shall apply after any transfer of the Property, including the provisions regarding the period during which interest on City Note II will not accrue and the provisions relating to the City's right to suspend payments of principal and interest on City Note II.

(b) The Developer hereby covenants and agrees to maintain its operations within the City of Chicago at the Property through the Term of the Agreement. The Facility will be used by the Developer for the manufacture, storage and distribution of paper, plastic and foam disposable food related products and related purposes.

(c) During the Term of the Agreement, the uses of the Property shall, unless the City provides its prior written consent, be consistent with the Redevelopment Plan and the Solo Cup PD.

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

8.07 Employment Opportunity; Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the Construction Manager and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City monthly written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

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

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

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

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interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

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

8.13 [Omitted]

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

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

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

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

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

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

8.17 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property; provided, however, that the Developer makes no representation regarding the compliance of the Property with applicable environmental laws and regulations as of the date hereof. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

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

8.19 Real Estate Provisions.

(a) Governmental Charges.

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

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(ii) Right to Contest. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option:

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

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

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

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(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 Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

(ii) Real Estate Tax Exemption. With respect to the 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. Other than as set forth in Recital H hereof, 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 Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit K 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 Project up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19(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

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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 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 8.19(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 8.19(c).

8.20 Job Opportunities; Job Training. Through the Term of the Agreement, the Developer will give qualified community residents the opportunity to apply for jobs in connection with the completion of the Project and the operation of the Developer's business on the Property. The Developer may also apply to participate in the Industrial Jobs Training Program of the Illinois Department of Commerce and Community Affairs, which could provide funds for training costs incurred by the Developer in connection with training existing employees to operate new machinery and equipment to be installed in the Facility.

8.21 Sale of the Property. Prior to the issuance of a Certificate, and except as provided in Section 8.01(j) hereof, the Developer shall not sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or the Facility (including the land underlying the Facility) without the prior written consent of the City. In determining whether to provide such consent, the City will consider, among other things, the proposed uses for the Facility, the employment levels of the transferee, and the willingness of the transferee to commit to the requirements of Section 8.20 hereof. After the issuance of a Certificate, in connection with any such sale, transfer, conveyance, lease or disposal, the Developer shall provide to the City the identity of the purchaser and a description of the uses proposed by the new owner.

8.22 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 of any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the

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direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, shall be grounds for termination of this Agreement and the transactions contemplated thereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated thereby.

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

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants

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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 the South Chicago/South Works Redevelopment Project Area established by the City on December 15, 1999; 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 and the South Chicago/South Works Redevelopment Project Area established by the City on December 15, 1999.

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

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

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

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

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

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

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At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the Construction Manager 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 Construction Manager 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 and noted 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 (through an offset against City Note II) 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 Construction Manager 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. For example, for a Project Budget with hard construction costs of $50,000,000, and a residency shortfall of 10% (only 40% of applicable workers were City residents), the amount to be surrendered to the City would be calculated by (A) multiplying $50,000,000 by 0.0005, producing $25,000, and (B) multiplying $25,000 by 10 (the number of percentage points of shortfall).

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.

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

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

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the MBE/WBE Budget (as such budget may be reduced for actual costs, but which budget will not be increased for Project cost increases) shall be expended for contract participation by MBEs or WBEs:

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

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

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

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

e. Upon the disqualification of any MBE or WBE Construction Manager 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 Construction Manager or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

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

g. Prior to the commencement of the Project, the Developer, the Construction Manager and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. This documentation shall include: 1) subcontractor's activity report; (2) contractor's certification concerning labor standards and prevailing wage requirements; (3) contractor letter of understanding; (4) monthly utilization report; (5) authorization for payroll agent; (6) certified payroll; (7) evidence that MBE/WBE contractor associations have been informed of the Project, via written notice and meetings; and (8) evidence of compliance with the job creation/job retention requirements hereunder. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery

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of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the Construction Manager, 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 conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto and the Redevelopment Plan.

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

SECTION 12. INSURANCE

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

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(a) Prior to Execution and Delivery of this Agreement

(i) Workers Compensation and Employers Liability Insurance

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

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

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

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(b) Construction

(i) Workers Compensation and Employers Liability Insurance

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

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

Commercial General Liability Insurance or equivalent with limits of not less than $2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no

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limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

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

(v) Builders Risk Insurance

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

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than $1,000,000. Coverage shall

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include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers Insurance

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

(viii) Contractor's Pollution Liability

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

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

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

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

(d) Other Requirements. The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or

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such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer shall submit evidence of insurance on a form acceptable to the City prior to the Closing Date. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

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

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

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

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

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

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

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

If the Developer, contractor or subcontractor desires additional coverages, the Developer, contractor and each

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