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DISPOSITION AGREEMENT

PORTION OF DEVELOPMENT AREAS H & I

INNER HARBOR EAST PROJECT

MAY 20, 1986

CHARLES CENTER-INNER HARBOR MANAGEMENT, INC.
1444 WORLD TRADE CENTER
BALTIMORE, MARYLAND 21202

LAND DISPOSITION AGREEMENT
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LAND DISPOSITION AGREEMENT

THIS AGREEMENT, is made this 4 day of June, 1986, by and between the MAYOR AND CITY COUNCIL OF BALTIMORE, a municipal corporation of the State of Maryland ("City"), acting by and through the DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT ("Department" or "DHCD"); and SCARLETT HARBOR ASSOCIATES LIMITED PARTNERSHIP ("Developer"), a partnership of the State of Maryland.

RECITAL

A. City has or will acquire title to the land described in Schedule A (the "Property") to be developed as hereinafter set forth.

B. The Property is within the boundaries of the Inner Harbor East Urban Renewal Area (the "Renewal Area") established by Ordinance No. 1188, approved November 19, 1971, as amended and the Urban Renewal Plan (the "Plan") adopted and amended from time to time pursuant to said ordinance.

C. City is authorized to sell the Property by virtue of Article II, Section 15 of the Baltimore City Charter, 1964 Revision (the "Charter Provision"); Article 13 of the Baltimore City Code - 1983 Replacement Volume of the 1976 Edition (the "City Code"), which established the Department pursuant to the Charter Provision; and the provisions of the Plan.

D. Material assistance has been given to City by the United States of America in the form of grants or loans in order to further the Plan and to acquire some or all of the parcels of land located within the Renewal Area.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the mutual obligations of the parties hereto, and other good and valuable consideration, the receipt of which is hereby acknowledged, the City and the Developer, for themselves, their successors and assigns, hereby covenant and agree as follows:

Portions H & I
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1-28-86

ARTICLE I

GENERAL TERMS OF CONVEYANCE

1:01. Conditions of Conveyance. Subject to the conditions of this Agreement, and to the performance by the parties hereto of the duties and obligations on the part of each to be performed hereunder, the City does hereby agree to sell its interest in the Property as described in Schedule A unto the Developer, and the Developer does agree to buy the Property from the City (the "Conveyance"), subject to the restrictions, covenants, conditions, terms and provisions hereinafter mentioned.

1:02. Improvements. The term "Improvements" as used in this Agreement means the structure or structures to remain or to be constructed and site preparations all as shown in the approved Construction Plan as defined in 3:05.

1:03. Condition Precedent to Settlement. The Developer, as condition precedent to the obligation of the City to convey the Property, shall submit evidence satisfactory to the Department that the Developer has the equity capital and/or commitments for the mortgage financing or other financing necessary for the construction of the Improvements.

1:04. Purchase Price. The purchase price, down payment, and manner of payment for the Property are set forth in Schedule B.

1:05. Settlement. Settlement shall take place at a time agreed to by the Developer and the Department, but in any event no later than one year from the date of this Agreement (the "Settlement Date"). Time is of the essence of this Agreement.

1:06. Conditions of Title. At the time of settlement, the City shall convey the Developer good, and marketable title to the Property, insurable at customary rates, by deed or other instruments granting the fee simple interest described in Schedule A, free and clear of all uninsurable liens, encumbrances, restrictions, covenants, and defects in title, but subject, however, to:

i. The Plan.

ii. The terms, conditions, and covenants of this Agreement.

iii. Any rights, reservations and easements set forth in this Agreement, and any other easement to which the Developer consents and which may be necessary for the full development of the Property according to the Plan and this Agreement, which consent shall not be unreasonably withheld.

iv. Any and all municipal utilities now in existence.

1:07. Insurable Title. An insurable title is one for which any A.L.T.A. approved title company will issue an owners and/or mortgagee title insurance policy at customary rates.

1:08. Deed Covenants. Any deed or deeds conveying the Property shall contain covenants of special warranty, further assurances and against encumbrances other than those specified in this Agreement.

1:09. .Notice of Title Defect. If the Developer claims any title defect will cause any portion of the Property to be unmarketable or uninsurable, said defect shall be brought to the attention of the Department and the City's Law Department in writing at least one hundred twenty (120) days prior to Settlement Date, and City shall make and diligently pursue all reasonable efforts to eliminate such defect at the earliest possible time prior to Conveyance.

1:10. Title Defect-Developer Option. If on Settlement Date, and after notice is properly given pursuant to paragraph 1:09 of this Agreement title is not good and marketable, and insurable, Developer may, at its option, declare this Agreement null and void and be entitled to a return of the down payment, if any, or accept such conditional title as City has, without diminishment of the sale price

1:11. Sub-Division. Prior to the time of settlement, the Department shall obtain all approvals of any required sub-division plan necessary for Conveyance. The Developer shall

apply for any other sub-division plans as may be necessary. Department will cooperate with the Developer and support such applications.

1:12. Restrictive Covenants. Developer covenants and agrees to develop the Property in accordance with the Plan and this Agreement. This covenant shall bind on and run with the land for fifty (50) years or until the expiration of the Plan as it may be extended or amended, whichever is later. The covenants described in Paragraph 1:13 of Article I of this Agreement and Exhibit C-1 of Schedule C shall bind on and run with the land forever. The Developer agrees to include or incorporate these restrictive covenants as part of any deed, lease (other than space leases to tenants of the Property) or other conveyance of all or any part of the Property.

1:13. No Discrimination. No covenant, agreement, lease, conveyance or other instrument shall be effected or executed by the Developer, or any of its successors or assigns, whereby the Property or any portion thereof is restricted by the Developer, or any successor in interest, upon the basis of race, sex, creed or color or national origin in the sale, lease, use, or occupancy thereof. The Developer will not discriminate upon the basis of race, color, creed, or national origin in the sale, lease or rental or in the use or occupancy of the Property or any improvements erected or to be erected thereon, or any part thereof.

1:14. Changes In Covenants. The City expressly reserves the right at any time and from time to time:

(1) To annul, waive, change or modify, with the consent of the Developer in writing any of the above-mentioned restrictive covenants in this Disposition Agreement except the covenant against discrimination contained in paragraph 1:13; and

(ii) to annul, waive, change or modify any of

the restrictive covenants, except those dealing specifically with nondis-. crimination, contained in the Disposition Agreement with any other developer in the Municipal Center Area Project with the consent of such other developer in writing; provided, however, that any such annulment, waiver, change or modification of any restrictive covenants contained in this or any other Disposition Agreement shall be:

(aa) evidenced by a written instrument duly executed and acknowledged by the City and such other developer and recorded among the Land Records of Baltimore City.

(bb) subject to the land uses provided in the Renewal Plan as it may be amended from time to time.

1:15. Settlement Expenses. The Developer will pay, with respect to the Conveyance, all applicable Department and City Law Department fees and charges, transfer taxes, recordation taxes, premiums for any title insurance policies procured, and the full expenses of the proper recording of documents among the Land Records of Baltimore City.

1:16. Tax Equivalency Charge. At time of settlement for the Property as defined in this Agreement, the City shall submit to the Developer and the Developer shall at that time pay a tax equivalency charge on the basis of a tax assessment of 50% of the sales price and calculated at the City and State tax rates and prorated for the remainder of the tax year in which settlement is made. In the event of a nominal sale price, the tax equivalency shall be computed on the current assessment.

1:17. Eminent Domain Assurance. The Department shall at its own cost and expense, cause the City to use its power of eminent domain to clear any title defects (other than those set forth in 1:06) certified by a qualified attorney to be encumbrances upon the Property.

END OF ARTICLE I

ARTICLE II

SITE PREPARATION

2:01 City's Obligations. The City shall, without expense to the Developer, prepare the Property for the redevelopment thereof by the Developer as set forth in Schedule D.

2:02. Developer's Obligations. It shall be the Developer's responsibility to obtain all utilities not required of City under Schedule D of this Agreement at Developer's sole cost.

2:03. Good Faith Deposit. The Good Faith Deposit required hereunder and all conditions thereof are contained in Schedule B of this Agreement.

END OF ARTICLE II

ARTICLE III

CONSTRUCTION OF IMPROVEMENTS

3:01. Design and Construction Plans. The Developer, as soon as possible after the execution of this Agreement and, in any event, prior to beginning the preparation of design development plans and specifications (the "Design Plans"), shall confer with the Department on the functional and aesthetic aspects of the same. Following this initial conference, the Developer agrees to attend periodic conferences called by the Department for the same purposes while Design Plans and Construction Plans, as defined in 3:05 are being prepared.

3:02. Conformity of Design and Construction Plans. Final plans and all work by the Developer with respect to the Property and the construction of the Improvements thereon shall be in conformity with the Plan and in conformity with this Agreement, the Building Code of Baltimore City and all other applicable laws and regulations.

3:03. Design Plan Submission. The Developer, within sixty (60) days after execution of this Agreement, shall submit to the Department for its approval the Design Plans.

3:04. Design Plan Review and Approval. If the Design Plans, in the opinion of the Department, reasonably exercised, conform to the provisions of the Plan, and this Agreement, and are functionally and aesthetically desirable, the Department shall approve the same. The Design Plans shall, in any event, be deemed to have been approved by the Department unless rejected, in whole or in part, in writing, within thirty (30) days after their submission, as not being in conformity with said criteria, specifying the reasons for the rejection. The Developer, in such event , shall submit new or corrected materials within thirty (30) days after written notification to it of the rejection, and the provisions of this Paragraph as to approval. Rejection and resubmission of corrected

materials hereinabove provided shall continue to apply until the Design Plans have been approved by the Department; provided, that in any event, the Developer shall submit Design Plans which are acceptable no later than one hundred fifty (150) days after the original submission of said plans.

3:05. Construction Plan Submission. The Developer shall submit to the Department for its approval final construction drawings and specifications ("Construction Plans") within one hundred twenty (120) days after approval of the Design Plans.

3:06. Construction Plans Review and Approval. The provisions of Pargraph 3:04 regarding approval, rejections and resubmission of Design Plans shall likewise apply to Construction Plans. In no event, however, shall Construction Plans be required earlier than one hundred twenty (120) days following approval of Design Plans.

If the Developer desires to make any change in the Construction Plans after their approval by the Department, the Developer shall submit the proposed change to the Department for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of Section 3:02 hereof with respect to such previously approved Construction Plans, the Department shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Department unless rejection thereof, in whole or in part, by written notice thereof by the Department to the Developer, setting forth in detail the reasons therefor, shall be made within 30 days following submission for approval.

3:07. Building Permits. Within fifteen (15) days after approval by the Department of Construction Plans, the Developer shall apply for all necessary building permits and thereafter the Developer shall diligently pursue such application and pay all fees and costs associated therewith. The Department will assist the Developer in obtaining all necessary permits and approvals.

3:08. Right of Access. The Developer, after the City acquires title to and possession of the Property or any part thereof and prior to delivery of possession of the Property or any part thereof to the Developer, shall have access thereto at reasonable times, agreeable to the Department, whenever and to the extent necessary to carry out the provisions of this Agreement, including the right of early entry to commence construction prior to settlement under mutually agreeable terms. The Developer, subsequent to such delivery of possession, shall permit access to the Property to the Department, the United States of America and the City, or any agent thereof, at reasonable times and to the extent necessary to carry out the provisions of this Agreement. In no event shall there be any compensation payable or charge made in any form to either party for any such access.

3:09. Commencement of Construction. Within thirty (30) days from the date of the instrument of conveyance from the City, the Developer shall commence the construction of the Improvements and shall cause the Improvements to be completed in accordance with the approved Construction Plans.

3:10. Construction Contract and Bond Requirements. Prior to the commencement of construction, the Developer shall furnish to the Department (1) a copy of the executed construction contract for the Improvements and if required by Developer's Lender, (2) 100% Performance and 100% Payment Bond or Bonds, based upon contract cost of the Improvements, conditioned upon the faithful performance of the construction contract and payment for all labor and materials, said Bonds to be payable to the Developer, and the City, as their interests may appear, and to be with sureties approved by the Department. In the event Performance and Payment Bonds are not required by Developer's Lender, Performance and Payment Bonds must be supplied for total cost of public improvements being constructed by Developer pursuant to this Agreement.

3:11. Progress Reports. The Developer, subsequent to the conveyance of the Property to the Developer, and until issuance of a Certificate of Completion, shall make, in such detail as may reasonably be required by the Department, a report in writing to the Department every ninety (90) days as to the actual progress of the Developer with respect to such development and construction.

During such period, also, the work of the Developer shall be available for inspection by representatives of the Department.

3:12. Certificate of Completion. The Department promptly after completion of the Improvements, in accordance with the provisions of this Agreement, shall furnish the Developer with an appropriate instrument so certifying, which shall be in such form as will enable it to be recorded among the Land Records of Baltimore City. Such certification by the Department shall be a conclusive determination of satisfaction of the agreements and covenants in this Agreement and in the Deed with respect to the obligations of the Developer, its successors and assigns, and every successor in interest to the Property, to construct the Improvements and dates for the beginning and completion thereof, provided that such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the Improvements, or any part thereof.

If the Department shall refuse or fail to provide such certification in accordance herewith, within thirty (30) days after written request therefor by the Developer, then the Department shall within said thirty (30) day period provide the Developer with a written statement indicating in adequate detail in what respects the Developer has failed to complete the Improvements in accordance with the provisions of this Agreement, or is otherwise in default, and what measures and acts, in the opinion of the Department, the Developer shall take or perform in order to obtain such Certification of Completion. No such certificate shall be unreasonably withheld by the Department. The Department, at time of furnishing the Developer with the Certificate of Completion, shall return any Good Faith Deposit retained by the Department as security for performance by the Developer, if not previously returned. If the Department without justification shall refuse or fail to provide any such Certificate of Completion within the time set forth above, then the Department shall be conclusively deemed to have issued said Certificate of Completion.

The Improvements shall be deemed completed hereunder even though site improvements non-structural in nature, such as landscaping or paving are not fully completed. If the Developer requests the issuance of a Certificate of Completion from the Department for any improvements under the circumstances that such site improvements are not fully completed, the Developer shall be granted said certificate provided that all other requirements of this Paragraph have been complied with, and provided further that the Department may, as a condition precedent to the issuance of said certificate, require suitable guarantees of the Developer, including but not necessarily limited to, an appropriate cash escrow or, at the Developer's option, a performance bond and a set completion date for the prompt completion of the site improvements.

3:13. General Liability Insurance. The Developer, at its sole cost and expense, shall secure or cause to be secured from a company or companies acceptable to the Department, and shall maintain in full force and effect during the period of time between the execution of this Agreement and the execution of the Deed conveying title and possession to the aformentioned Property to the Developer, such insurance as will protect the Developer and the City, their agents and employees, from any and all claims or damages for personal injuries,including death, or for damages to any property of the City or of the public. The amounts of such insurance are set forth in Schedule E. A copy of the insurance policy, which provides that it cannot be cancelled without fifteen (15) days prior notice to the Department, shall be furnished to the Department by the Developer for approval by the City Law Department.

3:14. Compliance with Law. The Developer will comply in every respect with any and all Federal, State and municipal laws, ordinances, rules, regulations, orders, and notices now or hereafter in force or issued which may be applicable to any and all of the work or operations to be done, performed or carried on by the Developer under the provisions of this Agreement.

3:15. Extension of Time.. Subject to the Provisions of this Agreement, the times within which the Developer must submit Design Plans, Construction Plans, evidence of equity capital, commitments for mortgage financing, and the times within which the Developer must commence and complete the development of the Property, and the construction of the Improvements thereon, and the time for settlement as specified in Paragraph 1:05 of this Agreement may be extended in writing by the Department, in its sole discretion, upon good and sufficient cause therefor being shown by the Developer, for such period of time as the Department deems advisable. Any such extension of time shall be in writing and in such form as will enable it to be recorded among the Land Records of Baltimore City.

3:16. Fast Track Start of Construction Notwithstanding the foregoing schedule for submission of Construction Plans, the City shall convey the Property to the Developer upon request by the Developer and the Developer may take title to the Property and commence construction of the Improvements thereon after submission to and approval by the Department of Construction Plans for the shell of the building which conform to the provisions of the Renewal Plan and this Agreement and to the Design Plans previously approved; said Construction Plans for the shell of the building shall constitute an acceptable portion of the complete Construction Plans which must be submitted in approvable form within 270 days of settlement date. However, no construction may proceed on any portion of the shell, interior or exterior of the Improvements except pursuant to those portions of the Construction Plans approved by the Department.

END OF ARTICLE III

ARTICLE IV

PROJECT DESCRIPTION

4:01. The Project. A description of the work to be done by Developer, the financing thereof, the method of conveyance by City and all other relevant details of development are collectively called "Project Description" and are attached hereto as Schedule F.

END OF ARTICLE IV

ARTICLE V

ANTI-SPECULATION AND ASSIGNMENT PROVISIONS

5:01. Policy Against Speculation. The Developer represents and agrees that its purchase of the Property, and its other undertakings pursuant to this Agreement are, and will be used, for the purpose of the development of the Property and not for speculation in landholding. The Developer further recognizes that, in view of:

(i) the importance of the development of the Property to the general welfare of the community; and

(ii) the substantial subsidy and other public aids that have been made available by law, the Federal Government and by the City of Baltimore for the purpose of making such development possible;

the qualifications and identity of the Developer are of particular concern to the City's interest and the Department. The Developer further recognizes that its qualifications and identity are one of several criteria influencing the City to enter into this Agreement with the Developer.

5:02. Restriction Against Transfer of Interests in the Developer and/or the Property. For the foregoing reasons, the Developer represents and agrees for itself and any successor in interest of itself that except only by way of security for and only for the purpose of obtaining financing necessary to enable the Developer or successor in interest to perform its obligations with respect to making the Improvements under this Agreement, the Developer has not made or created, and that it will not, prior to the substantial completion of the Improvements on the Property as certified by the Department, make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance or land lease (but excluding space leases to tenants, operating agreements with occupants in the Property, contracts of sale for condominium

units or deeds for condominium units after establishment of condominium regimes) or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Property, or any transfer of ownership in the Developer, or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the Department, which approval shall not be unreasonably withheld. Provided, That, prior to the issuance by the Department of the Certificate provided for in Section 3:12 hereof as to completion of construction of the Improvements, the Developer may enter into any agreement to sell, lease, or otherwise transfer, after the issuance of such Certificate, the Property or any part thereof or interest therein, which agreement shall not provide for payment of or on account of the purchase price or rent for the Property, or the part thereof or in the interest therein to be so transferred, prior to the issuance of such Certificate.

5:03. Conditions to the Approval of Assignment or Transfer. The Department shall be entitled to require, as conditions to the approval required in paragraph 5:02 above, that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, satisfactory to the Department, to fulfill the obligations undertaken in this Agreement by the Developer;

(ii) Any proposed transferee, by instrument in writing, shall, for itself, its successors and assigns and expressly for the benefit of the City and the Department have expressly assumed all of the obligations of the Developer not previously performed under this Agreement and shall have agreed to be subject to all of the conditions and restrictions to which the Developer is subject hereunder;

(iii) There has been submitted to the Department for review, and the Department has approved, all instruments and other legal documents involved in effecting legal transfer;

(iv) The consideration payable for the transfer, by transferee or on its behalf, shall not exceed an amount representing the actual cost to the Developer, including without limitation, carrying charges and all actual out-of-pocket expenditures attributable to the Property and Improvements, certified by Developer and reasonably approved by City, made thereon prior to the transfer. It being the intent of this provision to preclude assignment of this Agreement or transfer of the Property hereby conveyed, or any part thereof, for profit prior to the completion of the Improvements and to provide that in the event any such assignment or transfer is made, and is not cancelled, the Department shall be entitled, among other remedies, to increase the purchase price to the Developer of the Property hereby conveyed, or any part thereof, provided in Article I of this Agreement, by the amount that the consideration payable by the assignment or transfer is in excess of the amount authorized in this sub-paragraph, and such consideration shall, to the extent it is in excess of the amount so authorized, belong and be paid to the City. Nothing contained in this Agreement shall prevent the Developer from issuing limited partnership interests or other interests in the Developer to investors for the purpose of providing financing for the Project or prevent limited partnership interests being transferred so long as the management and control of the Developer shall not be materially affected thereby.

5:04 Notice to Department of Ownership or Change of Ownership of Developer. In order to assist in the effectuation of the purposes of this Article V, the Developer agrees that during the period between execution of this Agreement and completion of the Improvements on the Property as certified by the Department, the Developer shall, at such time or times as the Department may request, furnish the Department with a complete statement, subscribed and sworn to by the Developer, setting forth all of the ownership interests in the Developer and the extent of their respective holdings, and in the event any other parties have a beneficial interest in the Developer, their names and the extent of such interest, all as determined or indicated by the records of the Developer, by specific inquiry made by the Developer, of all parties who on the basis of such records own ten (10) percent or more of ownership interest in the Developer, and by such other knowledge or information as the Developer shall have.

END OF ARTICLE V

ARTICLE VI

MORTGAGE FINANCING AND RIGHTS OF MORTGAGEES

6:01. Limitation Upon Encumbrance of Property.

Prior to the completion of the Improvements, as certified by the Department, neither the Developer nor any successor in interest to the Property or any part thereof shall engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Property, except for the purposes of obtaining (a) funds only to the extent necessary for acquiring the Property and making the Improvements and for the payment of commonly recognized soft cost such as without limitation, commitment fees, points, interests, closing fees, costs of transfer, fees and expenses of consultants and legal fees and (b) such additional funds, if any, in an amount not to exceed the Purchase Price paid by the Developer to the City. The Developer (or successor in interest) shall notify the Department in advance of any financing secured by mortgage or other similar lien instrument, which it proposes to enter into with respect to the Property, or any part thereof, and in any event it shall promptly notify the Department of any encumbrance or lien that has been created on or attached to the Property, whether by voluntary act of the Developer or otherwise. For the purposes of such mortgage financing as may be made pursuant to this Agreement, the Property may, at the option of the Developer (or successor in interest), be divided into several parts or parcels, provided that such subdivision, in the opinion of the Department, is not inconsistent with the purposes of the Plan and this Agreement and is approved in writing by the Department.

6:02. Mortgagee Not Obligated To Construct.

Notwithstanding any of the provisions of this Agreement, including but not limited to those which are or are intended to be convenants running with the land, the holder of any mortgage authorized by this

Agreement (including any such holder who obtains title to the Property or any part thereof as a result of foreclosure proceedings, or action in lieu thereof, but not including (a) any other party who thereafter obtains title to the Property or such part from or through such holder or (b) any other purchaser at foreclosure sale other than the holder of the mortgage itself) shall in no way be obligated by the provisions of the Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any covenant or any other provision in the Deed be construed to so obligate such holder: Provided, That nothing in this Section or any other Section or provision of this Agreement shall be deemed or construed to permit or authorize any such holder to devote the Property or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided or permitted in the Plan and in this Agreement.

6:03. Copy of Notice of Default to Mortgagee. Whenever the Department shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in its obligations or covenants under this Agreement, the Department shall at the same time forward a copy of such notice or demand to each holder of any mortgage authorized by this Agreement at the last address of such holder shown in the records of the Department.

6:04 Mortgagee's Option to Cure Defaults. After any breach or default referred to in Section 6:03 hereof, each such holder shall (insofar as the rights of the Department are concerned) have the right, at its option, to cure or remedy such breach or default (or such breach or default to the extent that it relates to the part of the Property covered by its mortgage) and to add the cost thereof to the mortgage debt and the lien of its mortgage: Provided, That if the breach or default is with respect to construction of the Improvements, nothing contained in this Section or any other Section of this Agreement shall be deemed to permit or authorize such holder, either before or after foreclosure or action in lieu thereof, to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect Improvements or construction already made) without first having expressly assumed the obligation to the Department, by written agreement satisfactory to the Department, to complete, in the manner provided in this Agreement, the Improvements on the Property or the part thereof to which the lien or title of such holder relates. Any such holder who shall properly complete the Improvements relating to the Property or applicable part thereof shall be entitled, upon written request made to the Department, to a certificate or certificates by the Department to such effect in the manner provided in Section 3:12 of this Agreement, and any such certification shall, if so requested by such holder, mean and provide that any remedies or rights with respect to recapture of or reversion or revesting of title to the Property that the Department shall have or be entitled to because of failure of the Developer or any successor in interest to the Property, or any part thereof, to cure or remedy any default with respect to the construction of the Improvements on other parts or parcels of the Property, or because of any other default in or breach of this Agreement by the Developer or such successor, shall not apply to the part or parcel of the Property to which such certification relates.

END OF ARTICLE VI

ARTICLE VII

REMEDIES

7:01. Duty to Cure Default. In the event of any default in or breach of this Agreement, or any of its terms or conditions, at any time, by either party hereto or any successor to any party, such party or its successor shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach and, in any event, within ten (10) days if the cure or remedy requires the payment of money, or otherwise within sixty (60) days after receipt of such notice. In case such action is not expeditiously taken or diligently pursued or the default or breach shall not be cured or remedied within a reasonable time, the aggrieved party may institute such proceedings at law or in equity which it may deem proper, including but not limited to proceedings to compel specific performance by the party in default or breach of its obligations.

7:02. Return of Down Payment. In the event that the City does not tender conveyance of the Property, or possession thereof, in the manner and condition, and by the date provided in Articles I and II of this Agreement, and any such failure shall not be cured within sixty (60) days after written demand by the Developer, (and the Developer is not in uncured default under this Agreement) then this Agreement shall at the option of the Developer be cancelled, and the Developer shall be entitled to a return of the down payment, plus the amount of any cash expenditures not to exceed $100,000.00 by Developer prior to the expiration of any cure period provided to the City under this Agreement, including but not limited to engineering and architectural fees, bond underwriting fee, mortgage commitment fees,insurance premiums, subsoil investigations and permits: all to the extent such costs are established by written statements certified by Developer, provided to the Department in writing within thirty (30) days after the cancellation of this Agreement, and thereafter, neither the Department nor the Developer shall have any further rights against or liability to the other under this Agreement.

7:03. City—A Municipal Corporation. The City is a municipal corporation and can exercise only those powers granted it by law, and in the event the City is prevented, restricted, or delayed in any of the duties and obligations imposed upon it or assumed by it under the terms and provisions of this Agreement as a result of any legal proceedings, unless instituted by the City, it shall not be liable for any costs, damages, injuries, or liabilities caused to or suffered or incurred by the Developer, its successors or assigns in connection with, or as a result of any such legal proceedings or any such prevention, restriction or delay.

7:04. Failure of Developer to Cure Specific Default Prior to Conveyance. In the event that prior to conveyance of the Property to the Developer, and in violation of this Agreement:

(a) The Developer assigns or attempts to assign this Agreement or any rights therein or in the Property (excluding space leases with tenants operating agreements with occupants contracts of sale for condomimium units or collateral assignments to interim lender) without the approval of the Department, as herein provided; or

(b) The Developer does not submit Design Plans for the Improvements on the Property and/or Construction Plans for the Improvements on the Property in satisfactory form and in the manner and by the dates respectively provided in the Agreement therefor; or

(c) The Developer does not submit evidence satisfactory to the Department that it has available the funds necessary for the construction of the Improvements on the Property by the time provided in this Agreement therefor; or

(d) The Developer does not pay the purchase price for and take title to the Property at the time and upon the conditions specified in this Agreement; provided, however, the City has performed its part of this Agreement;

and any such default and failure shall not be cured within thirty (30) days after written demand by the Department, then the City, in addition to the remedies specified in Paragraphs 7:01, 7:02 and 7:03 of this Article, shall have the right, at its option, to terminate this Agreement, and any rights of the Developer, or any assignee or transferee, in this Agreement, or arising therefrom with respect to the City, the Department, or the Property, in which event, the down payment may be retained by the City at its sole option, as liquidated damages and as its property without any deduction, offset or recoupment whatsoever. Neither the Developer, its assignee or transferee, nor the City and the Department shall have any further rights against or liability to the other under this Agreement, following termination under this Pargraph.

7:05. Default by Developer Subsequent to Conveyance and Prior to Completion.

In the event that subsequent to the conveyance of the Property, or any part thereof to the Developer and prior to completion of the Improvements in the Property as certified by the Department:

(i) The Developer, or its successor in interest, shall default in or violate its obligations with respect to the construction of said Improvements, including the nature thereof and the dates for beginning and completion thereof, or shall abandon or substantially suspend construction and any such default or violation, or abandonment, or suspension shall not be cured or remedied within sixty (60) days (or three months, if the default is with respect to the date of completion of the Improvements) after written demand by the Department to do so; or

(ii) The Developer, or its successor in interest, shall fail to pay real estate taxes or assessments on the Property or any part thereof when due without penalty, or shall place on the Property any encumbrance or lien unauthorized by this Agreement, or shall suffer any levy or attachment to be made or any materialman's or mechanic's lien or any other unauthorized encumbrance or lien to attach and such taxes or assessments shall not have been paid, or the encumbrance or lien shall not have been waived or discharged or provision satisfactory to the Department made for such payments, waived or discharged within sixty (60) days after written demand by the Department to do so; or

(iii) There is, in violation of this Agreement, any transfer of the Property or any part thereof and such violation shall not be cured within sixty (60) days after written demand by the Department to the Developer:

Then in the event action by Developer is not being expeditiously taken or diligently pursued or the default or breach is not cured or remedied within a reasonable time pursuant to Paragraph 7:01 of this Article, the City, in addition to the remedies specified in Paragraph 7:01 of this Article, shall have the right, at its option, but subject to the obligation to provide 30 days prior written notice ("Reverter Notice") to any mortgage or deed of trust holder under a

permitted encumbrance, to re-enter and take possession of the Property and to terminate, and revest in the City, the estate conveyed to the Developer as herein provided, it being the intent hereof that the conveyance pursuant to this Agreement of the Property to the Developer shall be made upon a condition subsequent to the effect that, in the event of any default, failure, violation or other action or inaction by the Developer specified in clauses (i), (ii), and (iii) of this Paragraph and failure on the part of the Developer to remedy, end or abrogate such default, failure, violation, or other action or inaction within the period and in the manner stated in said clauses, the City, at its option, may declare a termination in its favor of the title and all of the rights and interest in the Property conveyed by the Deed to the Developer, and that such title and all rights and interest of the Developer, any of its assigns or successors in interest in the Property, shall revert to the City; provided, that such condition subsequent and any revesting of title as a result thereof in the City shall always be subject to and limited by, and shall not defeat, render invalid, or limit in any way the lien of any mortgage or deed of trust authorized by this Agreement and executed for the sole purpose of obtaining funds for the acquisition and development of the site or any rights under any other document further securing to any mortgagee or deed of trust holder sums advanced in accordance with this Agreement, or any rights or interest provided in this Agreement for the protection of the holders of such mortgages or deeds of trust; Provided further however, that if any holder in the opinion of the City reasonably exercised shall be diligently pursuing its remedies under its mortgage or deed of trust on the thirtieth day after the date of Reverter Notice from the City (including, without limitation, the filing of a foreclosure or obtaining a deed in lieu of foreclosure), the exercise of such Reverter shall be temporarily stayed for twelve (12) months from date of Reverter Notice.

In the event that such holder obtains title to the property during this twelve-month period the holder shall no later than the first anniversary of the date of the Reverter Notice either assume the obligations of the Developer to complete construction of the improvements, or shall find a purchaser acceptable to the City to assume said obligations of the Developer, all in accordance with the provisions of this Agreement, including Paragraph 7:05 of this Article as to further defaults.

In the event that such holder does not obtain title to the property during the twelve-month period of time then the City shall (a) exercise its Reverter promptly upon the conclusion of such twelve-month period but in no event later than thirty (30) days following the conclusion of such twelve-month period and proceed to resell the property and improvements in accordance with Paragraph 7:07 of this Article or (b) agree to a further stay of the City's right to exercise the Reverter for a period of time mutually agreeable to the City and such holder.

In addition, in the event of any uncured or uncurable default the City shall have the right to retain the amount paid on account of the purchase price of the Property and the Good-Faith Deposit, if any, as its property without any deduction, offset, or recoupment whatsoever; and the Design Development Plans and/or Construction Plans which have been submitted by the Developer to the Department pursuant to this Agreement shall become the sole property of the City, for its use or assignment to others at its sole option.

7:06. <u>City's Right to Institute Proceedings.</u> The City shall have the right to institute such actions or proceedings as it may deem desirable for effectuating the purposes of this Article,

including without limitation the right to execute and record among the Land Records of Baltimore City a written declaration of the termination of all rights and title of the Developer, its successors and assigns, in the Property and the revesting of title thereof in the City, subject to authorized mortgage liens as provided for in Paragraph 7:05 above; provided, however, that any delay by the City in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Article, shall not operate as a waiver of its rights, or deprive it of any such rights in any way, it being the intention hereof that the City should not be constrained (so as to avoid the risk or otherwise) to exercise such remedy at a time when it may still hope otherwise to resolve the problems created by the default involved; nor shall any waiver in fact made by the City or the Department with respect to any specific default by the Developer under this Paragraph be considered or treated as a waiver of the rights of the City and the Department with respect to the particular default except to the extent specifically waived.

7:07. Resale by City. In the event that title to the Property or any part thereof shall revert to the City in accordance with this Paragraph, the City shall, pursuant to its responsibilities under the laws of the State of Maryland and the ordinances of the City relating to urban redevelopment and renewal, use all reasonable efforts to resell the Property and Improvements or such part thereof as soon and in such manner as the Department shall find feasible and consistent with the objectives of such laws and ordinances and of the Renewal Plan, as amended from time to time; provided, that the Department shall use all reasonable efforts to obtain the highest price that is compatible with the objectives and restrictions applicable to the Property in the Renewal Plan, from a qualified and responsible party or parties, whose qualifications shall be determined by the Department in its sole discretion, and who will assume the obligation of making or completing the Improvements, or such other improvements in their stead as shall be satisfactory to the Department and in accordance with the Renewal Plan, as amended from time to time, and this Agreement. Upon such resale of the Property, the proceeds thereof shall be applied:

First, to reimburse the City on its own behalf and on behalf of the Department for (i) any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property,

or any part thereof, at the time of revesting of title thereto in the City or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees,(ii) any expenditures made or obligations incurred with respect to the making or completion of the Improvements or any part thereof on said Property or any amounts otherwise owing to the City or the Department by the Developer, its successors or transferees, (iii) all costs and expenses incurred by either the City or the Department including, but not limited to, salaries of personnel in connection with the recapture, management and resale of the Property or any part thereof (but less any income derived by the City from the Property, or any part thereof, in connection with such management), all taxes, assessments, and other charges with respect to the Property, or any part thereof, or an amount equal to such taxes, assessments or charges as would have been payable if the Property were not exempt therefrom because held by the City.

Second, to reimburse the Developer, its successors or transferees, up to the amount equal to (i) the cash actually expended by it,exclusive of the Good-Faith Deposit and mortgage or other loan proceeds represented by any encumbrance or lien on the Property, in purchasing the land and/or making any of the Improvements, less (ii) any cash or other profit or financial benefit withdrawn or made by it from this Agreement or from the Property.

Any balance remaining after such reimbursements shall be retained by the City as its Property.

7:08. Developer Liability Limitation. Except as otherwise agreed to in writing by the parties hereto, anything herein contained to the contrary notwithstanding, neither the Developer nor any of its partners or principals, direct, disclosed or undisclosed shall have any personal liabililty for the performance of any of the covenants, terms and conditions contained in this Agreement, including any expenses incurred by the City or deficiencies in any insurance proceeds in the event of a casualty, and the City agrees to look solely to the Property for satisfaction of any judgments arising from defaults in the performance of any obligations hereunder, and shall have no right whatsoever to a deficiency or other judgment in the event the proceeds received from any sale of the Property are insufficient to pay in full any such judgment.

7:09. Delays For the purpose of any of the provisions of this Agreement, neither the City (including the Department) nor the Developer, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations with respect to the preparation of the Property for development, or the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of delay in the performance of such obligations due to causes beyond its control or without its fault or negligence, including but not restricted to acts of God or of the public enemy, acts of Government, acts of the other party, fires, floods, epidemics, quarantine, restrictions, strikes, boycotts, freight embargoes, and unusually severe weather, or delays of contractors, subcontractors or suppliers due to such causes; it being the purpose and intent of this Paragraph that in the event of the occurrence of any such delays, the time or times for the performance of the obligations of the City and the Department with respect to the preparation of the Property for development, or of the Developer with respect to construction of Improvements, shall be extended for the period of the delay; provided, however, that the party seeking the benefit of the

provisions of this Paragraph shall, within fifteen (15) days after said party has knowledge of the beginning of any such delay, have first notified the other party thereof in writing of the cause or causes thereof, which entitles such party to an extention of time. For the purposes of this Paragraph, any such notice from the Developer shall be given to the Department and any such extention of time shall be in writing and in such form as will enable it to be recorded among the Land Records of Baltimore City.

7:10. Rights and Remedies--Cumulative. The rights and remedies of the parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach or of any of its remedies for any other default or breach by the other party. Any waiver by either party with respect to performance, or the manner, or time thereof shall be limited to the specific event unless otherwise stated in writing.

7:11. Liability Terminated. Except as herein provided, neither the Developer, its assignee or transferee, nor the City and the Department shall have any further rights against, or liability to, the other under this Agreement, following termination of this Agreement.

END OF ARTICLE VII

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8:01. No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstances whatsoever as creating or establishing the relationship of co-partners, or creating or establishing the relationship of a joint venture, between the City and the Developer or as constituting the Developer as the agent or representative of the City for any purpose or in any manner whatsoever.

8:02. Recording, Documentary Stamps. This Agreement, and any modification thereof and any additions thereto and any ancillary document relevant to this transaction, shall be recorded among the Land Records of Baltimore City, and the cost of any such recordation, the cost of any State of Maryland documentary stamps which legally must be affixed to any or all of said papers, and the cost of the applicable Baltimore City and State transfer taxes shall be paid in full by the Developer.

8:03. Executed in Maryland. This Agreement shall be taken and deemed to have been fully made and executed by the parties hereto in the State of Maryland for all purposes and intent.

8:04. Conflicts of Interest; Department Representatives Not Individually Liable. No member, official, representative, or employee of the City or the Department shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, representative, or employee participate in any decision relating to this Agreement which affects his personal interest or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, representative, or employee of the City or the Department shall be personally liable to the Developer or any successor in interest in the event of any default or breach by

the City or the Department of for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

8:05. Notice. A notice or communication under this Agreement by either the City or the Department, on the one hand, to the Developer, or on the other, by the Developer to the City or the Department shall be sufficiently given or delivered if dispatched by Registered mail, postage prepaid, return receipt requested; and

(a) Developer. In the case of a notice or communication to the Developer, if addressed as follows:

Scarlett Place Associates Limited
Partnership.
c/o Merritt
2066 Lord Baltimore Drive
Baltimore, Maryland 21207

(b) Department. In the case of a notice or communication to the City or the Department, if addressed as follows:

Commissioner,
Neighborhood Progress Administration/DHCD
222 East Saratoga Street
Baltimore, Maryland 21202

or if such notice is addressed in such other way in respect to any of the foregoing parties as that party may, from time to time, designate in writing, dispatched as provided in this Paragraph.

8:06. Interpretation. In the event of any question regarding the meaning of any of the restrictive covenants, agreements, or provisions contained in this Agreement, or in the Plan, the interpretation placed thereon by the Department shall be final and binding on the parties hereto; provided, that any such interpretation shall not be unreasonable or arbitrary.

8:07. Elevations. All elevations referred to in this Agreement refer to the elevations above Mean Low Tide as adopted by the Baltimore Survey Control System.

8:08. City Disclaimer. While it is the present intention of the City to carry out the Renewal Plan as soon as practicable, nothing contained in this Agreement shall be construed as a warranty or commitment on the part of the City that any improvements or other development work will be undertaken by it or by any other developer in the Renewal Area except the items of work which this Agreement specifically obligates the City to undertake.

8:09. Beds of Streets. The City reserves unto itself all of its right, title and interest in and to the beds of all streets, alleys or lanes herein mentioned and referred to, subject however to use in common as private ways, until said streets, alleys and lanes are expressly dedicated to public use. All references herein to any street, alley or lane are for purposes of description only and are not intended to dedicate same to public use, and any implied intent of dedication or dedication of the street, alleys or lanes by reference to them is hereby denied and revoked.

8:10. Provisions Not Merged with Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring title to the Property or any part thereof from the City to the Developer, its successor or assigns, and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

8:11. Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8:12. Counterparts. This Agreement is executed in six (6) counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

8:13. Approvals and Consents. Wherever in this Land Disposition Agreement the approval, certification or consent of any party is required, it is understood and agreed that such approval will not be unreasonably withheld or delayed.

8:14. Ancillary Documents. The Commissioner of the Neighborhood Progress Administration/DHCD is hereby authorized to execute any and all other documents necessary to effectuate this transaction, provided such documents do not materially alter the relationship of the parties or the principal elements of the Project.

8:15. Amendments. Any amendment to this Agreement must be executed in writing and with the same formality as this Agreement.

8:16. Manpower. The Developer agrees to submit to the Commissioner of the Neighborhood Progress Administration for approval, a Manpower Plan which details the Developer's employment, hiring and training needs. The Developer further agrees to work cooperatively with the Neighborhood Progress Administration's office of Manpowerr Resources to attempt to establish appropriate recruitment, training and referral services. The Developer shall also encourage other tenants and subcontractors to take advantage of this Manpower service.

8:17. Incorporation into Agreement. All exhibits, schedules, and recitals form a part of this Agreement.

8:18. Publicity. The parties hereto agree to cooperate in the preparation and release of all publicity with respect to the Project.

END OF ARTICLE VIII

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date first above written.

ATTEST:

James A. Vreenland
Custodian of the City Seal

ATTEST:

MAYOR AND CITY COUNCIL OF BALTIMORE

By: _____
Commissioner, Neighborhood Progress Administration/DHCD

SCARLETT HARBOR ASSOCIATES LIMITED PARTNERSHIP

By: _____

General Partner

APPROVED: BOARD OF ESTIMATES

JUN 4 1986
Date Clerk

This being page 37 of that certain Land Disposition Agreement between MAYOR and CITY COUNCIL OF BALTIMORE and SCARLETT HARBOR ASSOCIATES LIMITED PARTNERSHIP.

Approved as to form and legal sufficiency this ~~day~~ 23rd day of MAY, 1986.

Chief Solicitor

Portions H & I
IHE
1-28-86

STATE OF MARYLAND, CITY OF BALTIMORE, to wit:

I HEREBY CERTIFY that on this day of JUN 4 1986 ~~1985~~ before the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore aforesaid, personally appeared MARION PINES, Commissioner of Neighborhood Progress Administration/DHCD and acknowledged the foregoing Land Disposition Agreement to be the corporate act and deed of the Mayor and City Council of Baltimore.

AS WITNESS my hand and Notarial seal.

MARY FOWLER KRIVOSH NOTARY PUBLIC BALTIMORE CITY, MD.

Mary Fowler Krivosh
NOTARY PUBLIC
My Commission Expires: 7-1-86

STATE OF MARYLAND, ~~CITY~~ County OF BALTIMORE, to wit:

I HEREBY CERTIFY that on this 21st day of May, 1986 before me the subscriber, a Notary Public of the State of Maryland, in and for the City of Baltimore aforesaid personally appeared Leroy M. Merritt, General Partner of Scarlett Harbor Associates Limited Partnership, and acknowledged the foregoing Land Disposition Agreement to be the act and deed of said Partnership.

Margaret R. Hinchbaugh
NOTARY PUBLIC
My Commission Expires 7/1/86

Portions H & I
IHE
1-28-86

SCHEDULE A

Description of Property and Plat

Beginning for the first at the point formed by the intersection of the south side of Pratt Street, varying in width, and the west side of a 10 foot alley, as authorized to be condemned and closed in accordance with Ordinance No. 275, approved January 29, 1985 and running thence binding on the right of way line of proposed President Street, the three following courses and distances; namely, by a line curving to the right with a radius of 10.00 feet the distance of 15.15 feet which arc is subtended by a chord bearing South 70°-16'-30.4" East 13.74 feet, by a line curving to the left with a radius of 11478.66 feet the distance of 35.98 feet which arc is subtended by a chord bearing South 26°-57'-18.1" East 35.98 feet and South 27°-02'-41.4" East 373.87 feet to intersect the northwest side of Fawn Street, 49.5 feet wide, as authorized to be condemned and closed in accordance with said Ordinance; thence for a new line of division through the property now or formerly owned by the Mayor and City Council of Baltimore, South 62°-57'-18.6" West 155.72 feet to intersect the northeast side of East Falls Avenue, 40 feet wide; as authorized to be condemned and closed in accordance with said ordinance; thence binding on the northeast side of said East Falls Avenue, as authorized to be condemned and closed, North 15°-10'-45" West 257.08 feet to intersect the northwest side of Stiles Street, 49.5 feet wide, as authorized to be condemned and closed in accordance with said Ordinance; thence binding on the northwest side of said Stiles Street, as authorized to be condemned and closed, North 64°-16'-05" East 76.92 feet to intersect the Southwest side of an alley, 10 feet wide, as authorized to be condemned and closed in accordance with said Ordinance and thence binding on the southwest and west sides of said 10 foot alley, as authorized to be condemned and closed, the three following courses and distances; namely, North 26°-06'-30" West 125.12 feet, North 12°-26'-10" West 25.33 feet and North 05°-14'-10" West 22.00 feet to the place of beginning.

Containing 36,299.10 square feet or 0.8333 acre of land, more or less.

Beginning for the second at the point formed by the intersection of the northeast side of East Falls Avenue, 40 feet wide, as authorized to be condemned and closed in accordance with Ordinance No. 275, approved January 29, 1985 and the south side of Pratt Street, varying in width, and running thence binding on the northeast side of said East Falls Avenue, as authorized to be condemned and closed, South 15°-10'-45" east 448.42 feet to a new line of division through the property now or formerly owned by the Mayor and City Council of Baltimore; thence binding on the line of said new line of division, if projected southwesterly, South 62 -57'-18.6" West 41.20 feet to the southwest face of a stone bulkhead situate along the southwest side of said East Falls Avenue, as authorized to be condemned and closed; thence binding on the southwest fact of said stone bulkhead, North 15°-10'-45" West 461.87 feet and thence by a straight line North 81°-51'-34" East 40.63 feet to the place of beginning.

Containing 18351.23 square feet or 0.4213 acre of land, more or less.

Beginning for the third at a point on the southwest face of a stone bulkhead situate along the southwest side of East Falls Avenue, 40 feet wide, as authorized to be condemned and closed in accordance with Ordinance No. 275, approved January 29, 1985, distant South 15° -10'-45" East 461.87 feet, measured along the southwest side of said East Falls Avenue, as authorized to be condemned and closed, from the south side of Pratt Street, varying in width, and running thence binding in part reversely on the line of a new line of division through the property now or formerly owned by the Mayor and City Council of Baltimore, if projected southwesterly, in part on said new line of division and in all, North 62°-57'-18.6" East 196.92 feet to intersect the right of way line of proposed President Street; thence binding on the said right of way line of proposed President Street, South 27°-02'-41.4" East 8.50 feet to intersect a line drawn parallel with and distant 8.50 feet southeasterly, measured at right angles from the first line of this description; thence binding reversely on said line so drawn, South 62°-57'-18.6" West 198.71 feet to the southwest face of said stone bulkhead and thence binding on the

southwest face of said stone bulkhead, North 15°-10'-45" West 8.69 feet to the place of beginning.

Containing 1681.43 square feet or 0.0386 acre of land, more or less.

All courses and distances in above description are referred to the true meridian as adopted by the Baltimore Survey Control System.

The Property described in this Schedule A shall be conveyed to the Developer pursuant to this Agreement in fee simple as set forth in Paragraph 1:06 of Article I.

Being the same premises shown on the Plat attached hereto as Exhibit A-2 entitled "Plat showing a parcel of land to be sold in accordance with Inner Harbor East Urban Renewal Project", dated January 8, 1986 as revised on May 13, 1986 and being portions of Development Areas H & I, Inner Harbor East Project.

There shall be appurtenant to the Property the right to use portions of the former beds of East Falls Avenue and Fawn Street for activities carried on within Areas H & I (such as for additional seating) provided that such use does not materially interfere with the use of the former street for pedestrian and/or vehicular access.

The Developer shall also have the right to use, in common with others, public area shown on the Plan as Columbus Piazza.

The Property secondly described in this Schedule A is also referred to as "Easement Area"; The Rights and obligations pertaining to this "Easement Area are fully set forth in Exhibit A-1 attached hereto as part hereof.

RIGHTS AND OBLIGATIONS FOR PEDESTRIAN PROMENADE EASEMENT

1. Grant of Easement. The Developer hereby grants to the City a perpetual, non-exclusive easement for pedestrian ingress and egress in, over and through the property secondly described in Schedule A (hereinafter "Easement Area"). The City will use the easement area only upon the terms and subject to the conditions which are set forth in the provisions of this Agreement.

2. Limitation on Exercise of Easement. Notwithstanding that the easement has been granted as of the date hereof, the easement may not be exercised until the Developer has completed the Easement Improvements (as defined in Section 4) as evidenced by the City's issuance of a Certificate of Completion for all Improvements.

The easement may be exercised only for pedestrian access to and from the adjoining public streets, parks and walkways and for pedestrian traffic along the water's edge. No person otherwise entitled by the provisions of this Agreement to enter upon and use the Easement Area shall do so other than in accordance with applicable law. The Developer shall be entitled to adopt and post at and with respect to the Easement Area reasonable rules concerning noise, dress, conduct, the deposit of trash and other concerns of a similar nature which are, in general, not more stringent than those in force, from time to time, with respect to the public brick promenade surrounding the Inner Harbor. The Developer shall also be entitled, at its sole option and expense, to enforce such rules from time to time in any reasonable manner, including the use of professional security personnel.

Nothing in the provisions of this Agreement shall be deemed in any way to confer upon the Developer, or its officers, employees, agents, or members of the general public any easement or other right entitling the Developer or any other such person (without the prior, express, written consent of the City, which may be given or withheld in its sole and absolute discretion) to bring any boat or other

vessel into the waters adjoining the Easement Area, or to place, anchor, tie-up, or dock any boat or other vessel at or adjacent to any pier, walkway, piling, or other portion of the easement Area, or to enter or exit any portion of the Easement Area from any boat or other vessel, all of which rights and riparian rights are hereby expressly reserved to and by the City.

3. Benefit of Easement. The benefit of the easement shall run to the City. The City may, in its exercise of the easement, allow the use of the Easement Area (subject to, (a) any restrictions on such use set forth in this Agreement, and (b) any further restrictions on such use by the general public which the City may elect to adopt), for and only for pedestrian access, by its officers, employees, agents and members of the general public.

Nothing in the provisions of this Agreement shall be deemed in any way to alter or impair the Developer's rights to use and enjoy the Easement are or to allow the use and enjoyment of the Easement Area by the Developer's agents, officers, partners, employees, tenants, invitees, visitors, or guests, provided that such use and enjoyment does not interfere with or impair the City's ability to use and enjoy the Easement Area in accordance with the provisions of this Agreement.

Nothing in the provisions of this Agreement shall be deemed in any way to constitute, or to require or call for, the dedication of any Easement Area, Easement Improvements, or any portion thereof to public use, it being intended by the parties hereto that all of the same be and remain the property of the Developer, subject to the operation and effect of this Agreement.

4. Easement Improvements. The Developer shall be obligated to construct at its expense, subject to the limitations contained in paragraph 3 of Schedule B, the improvements shown on the construction drawings approved by the Department (hereinafter "Easement Improvements"), using first class materials and in accordance with all applicable building codes and other law. All of the Easement Improvements which the Developer is obligated to construct shall be constructed and completed within the period prescribed. The City shall not be required to issue a final certificate for use and occupancy of any improvements made by

Developer on property contiguous to the Easement Area unless and until the Esement Improvements have been completed.

5. Maintenance and Repairs. The Developer shall throughout the term of this Agreement, be responsible for maintaining and keeping in a safe condition and in good order and repair the Easement Area and the Easement Improvements, including structural elements of the Easement Improvements. The maintenance which the Developer is required to perform shall include by way of example rather than of limitation, sweeping the Easement Area and removing all items of trash and refuse, keeping it clean of snow and ice, maintaining trash baskets or other trash receptacles at reasonable intervals from one another and regularly removing all trash deposited therein, and maintaining all, if any, above surface utility poles, lighting fixtures, benches, railings, and life rings.

Developer shall not be responsible for structural replacement of the bulkheading unless such replacement is required by actions of Developer.

The Developer shall, throughout the term of this Agreement, provide electricity required to light any and all lighting fixtures which may be located, from time to time, within the Easement Area.

The City shall at its expense cause the Easement Area to be patrolled by the Baltimore City Police Department, as if the Easement Area were a public street or sidewalk, notwithstanding that the Easement Area is privately owned.

6. Insurance and Idemnification. the Developer shall keep all of the Easement Improvements insured against loss or damage by fire or other cause within the coverage of an ordinary fire and extended coverage insurance policy. Such policy shall be in an amount not less than 100% of replacement cost of such Easement Improvements. Developer shall on written request furnish a certificate evidencing such insurance to the City. Developer shall promptly make any repair, restoration or replacement to such Easement

Improvements made necessary by damage or destruction whether or not such insurance is actually carried. Such insurance may be covered under a blanket policy covering other improvements and property which shall provide for a waiver of subrogation against the City unless such waiver is unobtainable from the company offering such insurance without any additional premium.

The Developer shall defend, indemnify, and hold harmless the City against and from any liability or claim of liability for bodily injury, death or property damage arising out of any failure of the Developer to maintain or repair the Easement area or Easement Improvements as set forth in Section 5 of this Agreement, notwithstanding any policy or policies of insurance.

The Developer shall defend, indemnify, and hold harmless the City against and from any liability or claim of liability for bodily injury, death or property damage from any cause occurring during the period before the City first becomes entitled to exercise the easement as provided in Section 2 of this Agreement, notwithstanding any policy or policies of insurance.

The City shall maintain general public liability insurance against claims for bodily injury or death and property damage occasioned by accident or other occurrence upon or because of any condition existing upon the Easement Area, such insurance in each case to afford protection under the self-insurance program of the City.

Except for any liability or claim of liability against which the City is indemnified by the Developer, the City shall defend, indemnify, and hold harmless the Developer against and from any liability or claim of liability to third parties for bodily injury, death, or property damage arising out of the lawful or unlawful use of Easement Area by any person.

Portions I & II
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7. Default. If either party fails to perform any provision, covenant, or condition of this Agreement then, in such event, the other shall have the right, upon 10 days written notice, to proceed to take action as is necessary to cure such default, all in the name of and for the account of the breaching party. The breaching party shall on demand reimburse the other party for the money actually expended in accomplishing such cure, together with all reasonable out-of-pocket expenses plus interest at the rate of 20% per annum. If the other party shall in good faith deem that an emergency occuring or has occurred, so that a default require immediate curing,, no notice shall be required and such party shall be entitled to take action without, provided notice is given as soon thereafter as possible. No default, action, or inaction shall give any party the right to terminate this Agreement or to deny access to the Easement Area.

8. Notices. Any notice, demand, consent, approval, request or communication to be provided hereunder to a party shall be in writing and deemed to have been provided 48 hours after being sent certified mail, postage prepaid, return receipt requested, to the addresses of such parties as are set forth in paragraph 8:05 of Article III of the Disposition Agreement.

9. Amendment. Any amendment to this Easement must be executed in writing and with the same formality as the Disposition Agreement.

10. Headings. The headings of the sections are provided for and only for convenience of reference, and shall not be considered in construing their contents.

11. Exhibits. Any writing or schedule referred to herein as being attached hereto is hereby made a part of this Agreement.

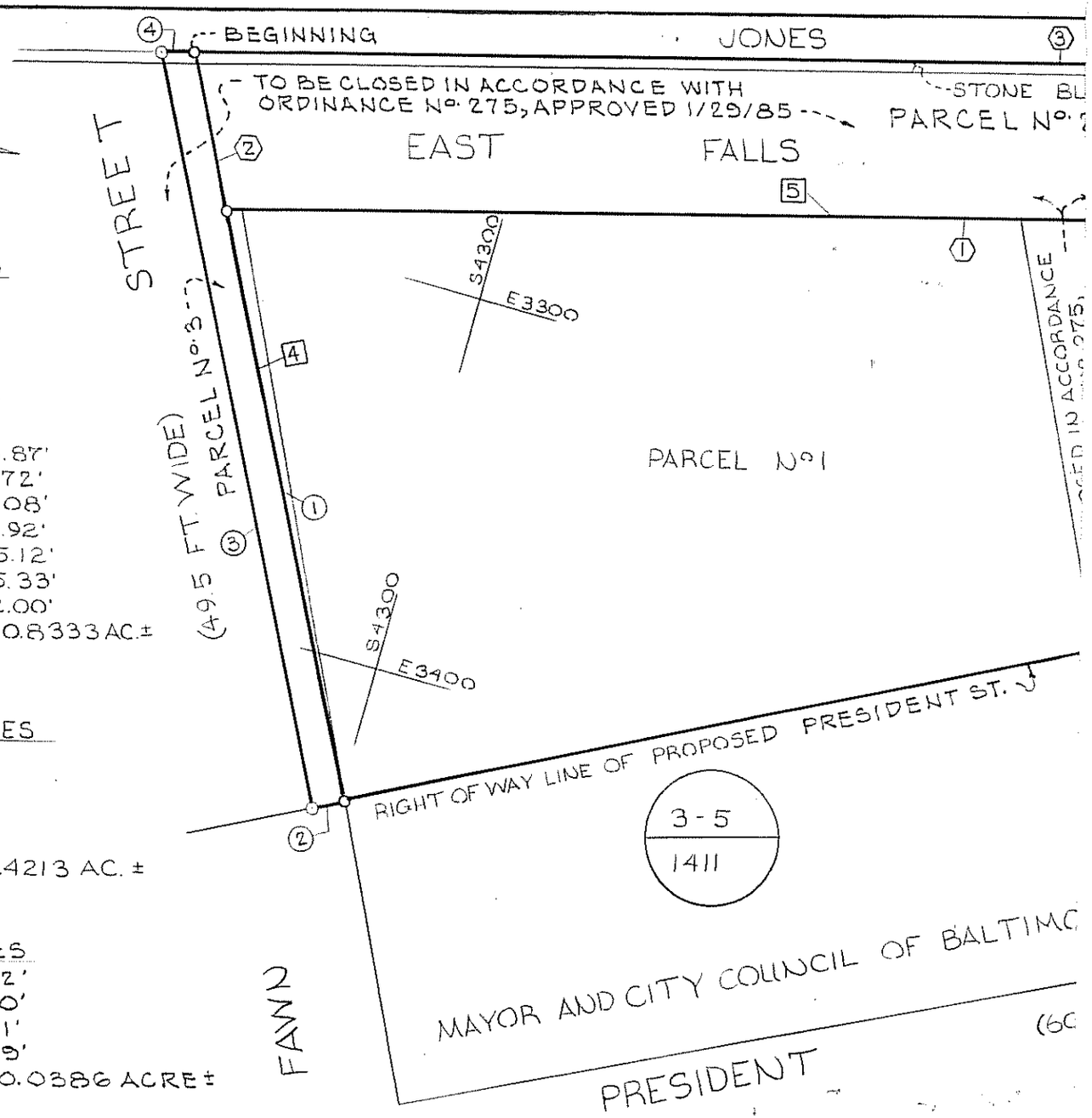
12. Agreement to Run With the Land. The rights and obligations of the Developer hereunder shall run with the land shall binding upon and shall inure to the benefit of those persons holding interests in such land, from time to time. Furthermore, the rights and obligations of the Developer or any of its successors shall cease

upon termination of their respective interests in the land, provided that there remains no uncured default under this Agreement.

13. Severability. No determination by any court, government body or otherwise that any provision of this Agreement or any amendment thereof is invalid or unenforceable shall affect the validity or enforceability of any other provision.

14. Disclaimer of Partnership. Nothing in the provisions of this Agreement shall be deemed in any way to create between the parties any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the existence of any such relationship.

EXHIBIT A-2



PARCEL No. 1

COURSES AND DISTANCES

1	R = 10.00'	L = 15.15'
	CH: S 70° 16' 30.4" E	13.74'
	Δ = 86° 49' 11.2"	
2	R = 11478.66'	L = 35.98'
	CH: S 26° 57' 18.1" E	35.98'
	Δ = 00° 10' 46.6"	
3	S 27° 02' 41.4" E	373.87'
4	S 62° 57' 18.6" W	155.72'
5	N 15° 10' 45" W	257.08'
6	N 64° 16' 05" E	76.92'
7	N 26° 06' 30" W	125.12'
8	N 12° 26' 10" W	25.33'
9	N 05° 14' 10" W	22.00'

AREA = 36,299.10 SQ.FT. OR 0.8333 AC.±

PARCEL No. 2

COURSES AND DISTANCES

1	S 15° 10' 45" E	448.42'
2	S 62° 57' 18.6" W	41.20'
3	N 15° 10' 45" W	461.87'
4	N 81° 51' 34" E	40.63'

AREA = 18,351.23 SQ.FT. OR 0.4213 AC. ±

PARCEL No. 3

COURSES AND DISTANCES

1	N 62-57-18.6 E	196.92'
2	S 27-02-41.4 E	8.50'
3	S 62-57-18.6 W	198.71'
4	N 15-10-45 W	8.69'

AREA = 1681.43 SQ. FT. OR 0.0386 ACRE ±

W.O. #9347

COMPUTED BY: ERIC M. LOWERY
DRAWN BY: [illegible]
EXAMINED DRAFT: Wm M. Crosby Jr.
EXAMINED COMP: [illegible]

SCHEDULE B

Purchase Price, Public Improvement Fund and Good Faith Deposit

1. Purchase Price

The purchase price for the Property shall be $1,716,500.

2. Down Payment and Settlement

Concurrently with the execution of the Disposition Agreement, Developer shall furnish the City with ten (10%) percent of the purchase price in cash or in the alternative, an irrevocable and unconditional letter of credit issued by a local bank acceptable to the City in the amount of ten (10%) percent of the purchase price (Down Payment) which shall be payable to the City upon written notice to the issuer of such letter of credit prior to the closing that the City is entitled to exercise its remedies under Article VII of the Agreement; or at the date of closing to be applied against the purchase price by the deposit of such amount into the Public Improvements Fund as setforth below. At settlement, the balance of the purchase price shall be made available for funding the construction of certain public improvements through the establishment of a Public Improvement Fund by the Developer pursuant to paragraph 3. of this Schedule B.

3. Public Improvement Fund.

"Public Improvements" shall be defined for purposes of this Agreement as the entire bulkhead along the east side of Jones Falls between Pratt Street and the south property line of Parcel 3 of the property in the former bed of Fawn Street and the new promenade in the former bed of East Falls Avenue from Pratt Street to the south property line of Parcel 3 of the Property in the former bed of Fawn Street (Easement Improvements). For purposes of this Paragraph 3 of Schedule B, "Lender" shall be defined as the holder of the approved first lien mortgage or deed of trust on the Developer's fee interest in the Property.

A Public Improvement Fund in the amount of $1,850,000 shall be a separate line item on the Developer's construction loan budget submitted by Developer to Lender and Lender, Developer and the City shall agree in writing that such sum shall be disbursed only (a) to the Developer (or to the City, pursuant to the option set forth in Schedule D, paragraph 5 as to construction of the bulkhead portion of

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Public Improvements) to pay the costs of the Public Improvements upon receipt of evidence satisfactory to the Lender that the Public Improvements are constructed from time to time in a manner satisfactory to Lender, the Developer and the City; (b) to reimburse Lender in the event Lender has exercised its option to complete the Public Improvements as required by the terms of this Agreement; or (c) to the City in the event City provides notice in writing to Lender that the Public Improvements have not been completed in the manner required by the terms of this Agreement. Lender shall not be obligated to deposit the Public Improvements Fund in a separate account of any type. In the event Lender disburses the balance of the Public Improvements Fund to the City, Developer shall assign to the City the Plans and Specifications, Working Drawings and agreements to complete as the same relate to the Public Improvements only. (See also Schedule D as to bulkhead construction obligations).

Lender will hold the Public Improvement Fund for the benefit of the City. If for any reason Borrower does not complete the Public Improvements in a timely manner and Lender does not exercise its option to complete the same, Lender will immediately upon demand by the City make the balance of the Public Improvement Fund available to the City or its designee for completion of the work contemplated, and Lender shall, further, assign to the City or its designee all of its rights, title and interest to the Plans and Specifications, working drawings, and agreements of Contractor to complete, and the like as they relate to the Public Improvements.

After completion and payment for all Public improvements, in the event that total cost for the design and construction of the Public Improvements is less than $1,850,000, then of the the amount remaining in the Public Improvement Fund, the first $133,500 may be allocated to other Developer improvements for the project and the balance, if any, shall be paid to the City as the purchase price for the Property, it being the intention of all parties thereto, that in no event shall Developer be obligated to pay more than $1,716,500 for the Property or to expend more than $1,850,000 for the Public Improvements.

4. Good Faith Deposit

At the time of settlement for the Property the Developer shall, in addition to paying the balance of the purchase price as provided herein, place with the City a Good-Faith Deposit of ten percent (10%) of the purchase price in cash money which shall be retained by the City without obligation to pay interest thereon as security for the performance of the obligation of the Developer hereunder or, in the alternative, in the form of an unconditioned, irrevocable letter of credit or negotiable United States securities acceptable to the City in the amount of one hundred and ten percent (110%) of the cash amount. The income from said securities shall be collected by the City and promptly paid to the Developer.

The said good-faith deposit, whether cash, letter of credit or negotiable United States Government securities, shall be returned by the City to the Developer upon the earlier of either:

(i) satisfactory completion of the Improvements on the Property, as described and referred to in Paragraph 3:05 of Article III of this Agreement, in accordance with Paragraph 3:12 of Article III of this Agreement, or

(ii) Settlement has been held for the Property and Developer furnishes the Department with all the following:

(a) a certified copy of the commitment or commitments for the permanent mortgage financing, or evidence satisfactory to the Department that permanent mortgage financing is not required;

(b) evidence satisfactory to the Department that the interim mortgage loan for construction has been initially closed, or evidence satisfactory to the Department that a construction mortgage loan is not required;

(c) a certified copy of the construction contract for the Improvements to bee erected on the Property.

(d) If required by Developer's Lender, a certified copy of Performance and Payment Bonds provided by the general contractors in connection with the contract for the construction of the improvements on the Property, which Performance and Payment Bonds shall be in a form acceptable to the Department and in a penal sum equal to not less than one hundred percent (100%) of the construction contract for the Improvements on the Property payable to the Developer, the Mortgagee, and the City, as their interest may appear bonding the performance of the construction contract and the payment of all labor and material costs.

In the event Performance and Payment Bonds are not required by Developer's lender, Performance and Payment Bonds must be obtained for the total cost of public improvements being constructed by Developer pursuant to this Agreement.

In the event of a default by the Developer which is not cured in accordance with paragraph 7:01 of Article VII, or the revesting of title hereunder in the City pursuant to paragraph 7:05 of Article VII, the City shall have the right to retain the good-faith deposit as its property without any deduction, offset or recoupment whatsoever. If the City shall be entitled to retain negotiable securities deposited hereunder, the same shall be liquidated to cash and the excess over the amount of the cash good-faith deposit sum specified herein shall forthwith be returned to the Developer.

SCHEDULE C

Restrictive Covenants

1. No building, structure, shall be constructed over an easement without the prior consent of the Department.
2. All portions of the Property not covered by structures, paved parking, loading or related service areas, paved areas for pedestrian circulation, or decorative surface treatments shall be provided with landscape treatment by Developer. Landscape treatment encompasses the planting of any, all or a combination of the following: trees, shrubs, ground cover, grass, flowers. The amount of landscape treatment should be determined by the nature of the development and should serve to improve the utility of the site, soften and relieve the effects of structure and pavement, and provide a visual harmony. All screening and landscaping shall be maintained in good condition by Developer.
3. Off-street parking requirements are as established in the Zoning Ordinance of Baltimore City or in such lesser amount as may be authorized by the Board of Municipal and Zoning Appeals as a Special Exception.
4. All appropriate provisions of the Zoning Ordinance of Baltimore City shall apply to properties in the Inner Harbor East Project area. If in order to implement the Urban Renewal Plan, certain district changes are required, those changes that require amendment to the Zoning Ordinance will be initiated as and if needed during the execution of the Plan.
5. All colors and color schemes used in the project area shall be harmonious with the designs of the building in the neighborhood.
6. Subsequent to completion of construction, City agrees not to unreasonably withhold its consent to any change in the use of property requested by the Developer which is accompanied by evidence of economic necessity or substantially altered circumstances which require change.

7. No building, fence (excepting any temporary fence used with respect to construction activities), sign, landscaping treatment, paving, wall, private roadway or other structure shall be commenced or erected on the Property, nor shall any addition to or change or alteration therein be made, until plans and specifications with respect thereto have been first submitted by the Developer to, and have been approved in writing by, the Department in accordance with the provisions of Article III of this Agreement; and no building, fence (except any temporary fence used with respect to construction activities), sign, landscaping treatment, paving, wall, private roadway or other structure shall be permitted or maintained on the Property unless it conforms to plans and specifications which have been first approved in writing by the Department and any changes, which if material, have been first approved in writing by the Department.

The Developer shall also submit for the review and approval of the Department, either as part of the Design Development Plans or Construction Plans or separately, plans and elevations indicating size, design, illumination, location, material, color and method of illumination for all advertising, direction, or identification, direction, or identification signs, and design for any floodlighting, highlighting, spotlighting, backlighting, or other illumination, which will be visible from any public right-of-way, park, pedestrian access facility or boulevard.

The Department shall have the right to refuse to approve any drawings, plans or specifications that are not a logical development of any plan previously approved if the same are not suitable or desirable, in its reasonable opinion, for aesthetic or functional reasons; and in so passing upon such drawings, plans and specifications, it shall have the right to take into consideration, but shall not be limited to, the suitability of the site planning; architectural design and layout; materials; building construction; landscape design; access, streets;sidewalks, signs, lighting; the harmony thereof with the surroundings; and the effect of the building or other structure, as planned, on the outlook from other portions of Inner Harbor East.

8. The Developer, for itself, and its successors and/or assigns, agrees that in the construction of the Improvements, it will act in accordance with the provisions relating to equal employment opportunity as set forth in Exhibit C-1 attached hereto.

Anti-Discrimination and Equal Employment Opportunity

1. Equal Employment Opportunity. Solely with regard to any improvements which may be constructed on the Property pursuant to this Agreement, the Developer, for itself and its successors and assigns, agrees that it will insert in all agreements with the general contractor the provisions of the Federal Government relating to equal employment opportunity as set forth as follows:

(a) The general contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The general contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates or pay or other forms of compensation; and selection for training, including apprenticeship. The general contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Department setting forth the provisions of this nondiscrimination clause.

(b) The general contractor will in all solicitations or advertisements for employees, placed in connection with any construction on the Property, state that all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin.

(c) The general contractor will send to each labor union or representative or workers, if any, with which the general contractor has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Department advising the said labor union or workers' representative of the general contractor's commitments under Section 202 of the Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The general contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

(e) The general contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor or the Secretary of Housing and Urban Development pursuant thereto, and will permit access to the general contractors' books, records, and accounts by the Department, the Secretary of Housing and Urban Development, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the general contractor's non-compliance with the nondiscrimination clauses of this Section, or with any of the said rules, regulations or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and the general contractor may be declared ineligible for further Federal Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulations or order of the Secretary of Labor pursuant thereto, or as otherwise provided by law.

(g) The Developer will include the provisions of Paragraph (a) through (g) of this Article in every contract or purchase order for the construction of any improvements on the Property, and will require the inclusion of these provisions in every subcontract entered into by any of its contractors, unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each such contractor, subcontractor or vendor, as the case may be. The Developer will take such action with respect to any construction contract, subcontract or purchase order as the Department or the Department of Housing and Urban Development may direct as a means of enforcing such provisions, including

sanctions for noncompliance: Provided, however, that in the event the Developer becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Department, the Developer may request the United States to enter into such litigation to protect the interest of the United States.

(h) The general contractor shall further agree that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the general contractor so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

(i) The general contractor will agree to assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

(j) The general contractor will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanction and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, subpart D of the Executive Order. In addition, the general contractor will agree, in any agreement with the Developer, that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate or suspend in whole or in part the

the construction agreement; refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

(k) Requirements for Participation in the Construction Industry Affirmative Action are set forth immediately after this Paragraph and are made part of this Agreement.

A. Notice of Requirement for Affirmative Action To Ensure Equal Employment Opportunity.

1. The Offeror's or Bidder's attention is called to the "Equal Opportunity Clause" and the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" set forth herein.

2. The goals and timetables for minority and female participation, expressed in percentage terms for the Contractor's agreegate workforce in each trade on all construction work in the covered area, are as follows:

Timetables	Goals for minority participation for each trade	Goals for female participation in each trade
	To be established	6.0

These goals are applicable to all the Contractor's construction work (whether or not it is Federal or federally assisted) performed in the covered area.

The Contractor's compliance with the Executive Order and the regulations in 41 CFR Part 60-4 shall be based on its implementation of the Equal Opportunity Clause, specific affirmative action obligations required by the specifications set forth in 41 CFR 60-4.3(a), and its efforts to meet the goals established for the geographical area where the contract resulting from this solicitation is to be performed. The hours of minority and female employment and training must be substantial uniform throughout the length of the contract, and in each trade, and the contractor shall make a good faith effort to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from Contractor to Contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract, the Executive Order and the regulations in 41 CFR Part 60-4. Compliance with the goals will be measured against the total work hours performed.

3. The Contractor shall provide written notification to the Director of the Office of Federal Contract Compliance Programs within 10 working days of award of any construction subcontract in excess of $10,000 at any tier for construction work under the contract resulting from this solicitation. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated dollar amount of the subcontract; estimated starting and completion dates of the subcontract; and the geographical area in which the contract is to be performed.

4. As used in this Notice, and in the contract resulting from this solicitation, the "covered area" is City of Baltimore, State of Maryland.

B. Equal Employment Opportunity.

The provisions in this section are applicable to all of a construction contractor's or subcontractor's construction employees who are engaged in onsite construction, including those construction employees who work on a non-Federal or non-federally assisted construction site.

1. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: Employment, Upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Contract Compliance Officer advising the said labor union or workers' representatives of the contractor's commitment under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Department and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contract procedures authorized in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

7. The contractor will include the portion of the sentence immediately preceding paragraph (a) and the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 25, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the Department may direct as a means of enforcing such provisions, including sanctions for noncompliance; Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Department, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

C. Equal Employment Opportunity Construction Contract Specifications.

1. As used in these specifications:

a. "Covered area" means the geographical area described in the solicitation from which this contract resulted;

b. "Director" means Director, Office of Federal Contract Compliance Programs, United States Department of Labor, or any person to whom the Director delegates authority;

c. "Employer identification number" means the Deferral Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941.

d. "Minority" includes:

(1) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin):

(11) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);

(111) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Sub-continent, or the Pacific Islands); and

(IV) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North American and maintaining identifiable tribal affiliations through membership and participation or community identification).

2. Whenever the Contractor, or any Subcontractor at any tier, subcontracts a portion of the work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 the provisions of these specifications and the Notice which contains the applicable goals for minority and female participation and which is set forth in the solicitations from which this contract resulted.

3. If the Contractor is participating (pursuant to 41 CFR 60-4.5) in a Hometown Plan approved by the U. S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) shall be in accordance with that Plan for those trades which have unions participating in the Plan. Contractors must be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each Contractor or Subcontractor participating in an approved plan is individually required to comply with its obligations under the EEO clause, and to make a good faith effort to achieve each goal under the Plan in each trade in which it has employees. The overall good faith performance by other Contractors or Subcontractors toward a goal in an approved Plan does not excuse any covered Contractor's or Subcontractor's failure to take good faith efforts to achieve the Plan goals and timetables.

4. The Contractor shall implement the specific affirmative action standards provided in paragraphs 7a through p of these specifications. The goals set forth in the solicitation from which this contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the covered area. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under these specifications, Executive Order 11246, or the regulations promulgated pursuant thereto.

6. In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

7. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

   a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each construction project. The Contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.

   b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

   c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

   d. Provide immediate written notification to the Director when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under 7b above.

f. Diseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with onsite supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

i. Direct is recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

j. Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's workforce.

k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR Part 60-3.

l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

m. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.

n. Ensure that all facilities and company activities are non-segregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associatons.

p. Conduct a review, at least annually, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

8. Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (7a through p). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under 7a through p of these Specifications provided that the contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligations to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's noncompliance.

9. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Executive Order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).

10. The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

11. The Contractor shall not enter into any Subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, as amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any Contractor who fails to carry out such sanctions and penalities shall be in violation of these specifications and Executive Order 11246, as amended.

13. The Contractor, in fulfilling its obligations under these specifications, shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph 7 of these specifications, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of the Executive Order, the implementing regulations, or these specifications, the Director shall proceed in accordance with 41 CFR 60-4.8.

14. The Contractor shall designate a responsible official to minitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

15. Nothing herein provided shall be construed as a limitation upon the application of other laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

2. Affirmative Action; Conflicts.

(a) Solely with regard to any improvements which may be constructed on the Property, the Company, for itself and its successors and/or assigns agrees that construction contracts and subcontracts for any construction on the Property shall contain binding commitments that the contractors and subcontractors will comply with Paragraph 1 and 3 of this Article; Provided, that if the amount of the respective construction contracts or subcontracts is $100,000 or more, then the contractors or subcontractors will be required to submit three (3) copies, respectively, of Affirmative Action Plans for Equal Employment Opportunity in conformance with Executive Order No. 11246, of September 24, 1965, and the rules, regulations and relevant orders of the Secretary of Labor pursuant thereto; said Plans as shall be required by the Department shall be obtained by the Company for submission to the Department prior to the commencement of construction under each of such contracts or subcontracts; and provided further, that the general contractor shall obtain from such contractors and subcontractors, and submit to the Department, such reports as to the employment of minority personnel as may be required by the Department.

(b) In the event of conflict between the City antidiscriminatory provisions as set forth in Paragraph 4 of this Article, on the one hand, and the Federal anti-discriminatory provisions as set forth in Paragraph 1 of this Article and/or the Affirmative Action Plan for Equal Employment Opportunity implemented by the contractor or subcontractors pursuant to the Federal antidiscriminatory provisions, on the other hand, the Federal provisions set forth in said Paragraph 1 shall supersede those of the City.

3. Civil Rights Act of 1964 and Applicable Regulations Thereunder. Solely with regard to any improvements which may be constructed on the Property, in the execution of this project, Company will require the general contractor to comply with the following:

(a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part I), which provides that no person in the United States shall on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provisions of similar services or benefits.

(b) Section 109 of the Housing and Community Development Act of 1974. and the regulations issued pursuant thereto (24 CFR 570.601) which provides that no person in the United States shall, on the ground of race, color, national origin or sex be excluded from participation in, be denied the benefit of, or be subjected to discrimination under, any program of activity funded in whole or in part with Title I funds.

(c) Executive Order No. 11246, and all regulations issued pursuant thereto (24 CFR Part 130), which provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or federally-assisted contracts. Such contractors and subcontractors shall take affirmative action to insure fair treatment in employment, upgrading, demotion or transfer; recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

(d) Section 3 of the Housing and Urban Development Act of 1968, as amended, and all regulations pursuant to 24 CFR 135, requiring that to the greatest extent feasible opportunities for training and

employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project. "Section 3 Clause" is set forth immediately after this Paragraph and is made a part of this Agreement.

Compliance with the Requirements of Section 3 of the Housing and Urban Development Act of 1968.

1. Employment of Lower Income Persons.

Developer/Contractor or subcontractor shall incorporate or cause to be incorporated, in all contracts for work in connection with a Section 3 covered project, the following clause (referred to as Section 3 clause):

a. The work to be performed under this contract is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing Urban Development Act of 1968, as amended, 12 U.S.C. 170lu. Setion 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.

b. The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135.2B and all applicable rules and orders of the Department issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

c. The contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

d. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR 135.2B. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135.2B and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, 135.2B, and all applicable rules and orders of the Department issued thereunder prior to the execution of the contract, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR 135.2B.135.

2. BIDDING AND NEGOTIATION REQUIREMENTS:

a. Every applicant and recipient shall require prospective contractors for work in connection with Section 3 covered projects to provide, prior to the signing of the contract, a preliminary statement of workforce needs (skilled, semiskilled, unskilled labor and trainees by category) where known: where not known, such information shall be supplied prior to the signing of any contract between contractors and their subcontractors.

3. DEVELOPMENT OF AN AFFIRMATIVE ACTION PLAN FOR THE UTILIZATION OF BUSINESSES LOCATED IN OR OWNED IN SUBSTANTIAL PART BY PERSONS RESIDING IN THE PROJECT AT

In developing an affirmative action plan, each applicant, recipient, contractor, and subcontractor preparing to undertake work pursuant to a Section 3 covered contract shall:

a. Set forth the approximate number and dollar value of all contracts proposed to be awarded to all businesses within each category (type or Profession) over the duration of the Section 3 covered project in question.

b. Analyze the information set forth in Paragraph (a) of this section and the availability of eligible business concerns within the project area doing business in professions or occupations identified as needed in Paragraph (a) of this section, and set forth a goal of target number and estimated dollar amount of contracts to be awarded to the eligible businesses and entrepreneurs within each category over the duration of the Section 3 covered project.

c. Outline the anticipated program to be used to achieve the goals for each business and/or professional category identified. This program should include but not be limited to the following actions:

(1) Insertion in bid documents, if any, of the affirmative action plan of the applicant, recipient, contractor, or subcontractor letting the contract; and

(2) Identification with the bid document, if any, of the applicable Section 3 project area.

d. Indicate the anticipated process and steps which have been taken and/or will be taken to secure the cooperation of contractors, subcontractors, and unions in meeting the goals and carrying out the affirmative action plan developed pursuant to this subpart.

e. Take steps to ensure that the appropriate business concerns included in the Department's registry for the Section 3 covered project area are notified of pending contractual opportunities either personally or through locally utilized media. All applicants, recipients, contractors and subcontractors which so notify concerns included in the Department's registry of available contracts and of opportunities to submit bids shall satisfy all requirements of this. Part for notification of business concerns located within the Section 3 covered project area and business concerns owned in substantial part by persons residing in the Section 3 covered project area.

f. Take steps to ensure that contracts which are typically let on a negotiated rather than a bid basis in areas other than Section 3 covered project areas, are also let on a negotiated basis, whenever feasible when let in a Section 3 covered project area.

g. Where competitive bids are solicited, require the bidders to submit their utilization goals, and their affirmative action plans for accomplishing their goals, and in evaluating each bid, to determine its responsiveness, carefully evaluate the bidders' submission to determine its responsiveness, carefully evaluate the bidders' submission to determine whether the affirmative action plan proposed will accomplish the stated goals.

h. Where advantageous, seek the assistance of local officials of the Department in preparing and implementing the affirmative action plan.

i. In implementing its affirmative action plan, each applicant, recipient, contractor, or subcontractor shall make a good faith effort to achieve its goal or target number and estimated dollar amount of contracts to be awarded to the eligible businesses and entrepreneurs within each category over the duration of the Section 3 covered project. Each applicant, recipient, contractor, or subcontractor seeking to establish that a good faith effort has been made to implement its affirmative action plan, as required by this paragraph, shall as a miminum, set forth evidence acceptable to the Secretary that it has implemented the steps required by paragraphs (c), (d), (e), (f), (g), and (h) of this section has ascertained from the Department's Regional Administrator, Area Office Director, or FHA Office Director having jurisdiction over the Section 3 covered project, the boundaries of the Section 3 covered

project area. if available, and attempted to recruit from the appropriate areas the necessary eligible business concerns through: local advertising media, signs placed at the proposed site for the project; and community organizations and public or private institutions operating within or serving the project area such as Project Area Committees (PAC) in urban renewal areas, Model Cities citizen advisory boards, Service Employment and Redevelopment (SER) Opportunities Industrialization Center (OIC), Urban Leaque, Concentrated Employment Program, or the U. S. Employment Service, as well as the Chamber of Commerce and any equivalent organization in the Section 3 covered project area. (See Attachments Tables A, B, and C)

4. GENERAL

a. Each applicant, recipient, contractor, or subcontractor undertaking work on a Section 3 covered project shall assure that to the greatest extent feasible contractor for work to be performed in connection with the project are awarded to business concerns located within the Section 3 covered project area or business concerns owned in substantial part by persons residing in the Section 3 covered area. The Department in consultation with the Small Business Administration will establish for the Section 3 covered project area a registry of business concerns which meet the definition contained in Paragraph 135.5 (b) and (C). Each applicant, recipient, contractor or subcontractor undertaking work in connection with a Section 3 covered project shall fulfill his obligations to utilize business concerns located within or owned in substantial part by persons residing in the Section 3 covered project area by developing and implementing an affirmative action plan.

C. CERTIFICATE OF NONSEGREGATED FACILITIES

The Developer/Contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The Developer/Contractor certifies/further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The Developer/Contractor agrees that a breach of this certification will be a violation of the Equal Opportunity clauses of this agreement. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin, because of habit, local custom, or otherwise. The Developer/Contractor agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods)

he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are exempt from the provisions of the provisions of the Equal Opportunity clause, and that he will retain such certification in his files.

D. CERTIFICATE OF EQUAL OPPORTUNITY IN HOUSING AND RELATED FACILITIES

Pursuant to the provisions of Title VIII of the Civil Rights Act of 1968 and Executive Order 11063, November 20, 1962, the Developer/Contractor will take affirmative steps to actively promote non-discriminatory marketing.

Furthermost, Contractor/Developer will not engage in any discriminatory practices, including, but not limited to: refusal to sell, rent, or negotiate, or otherwise to make unavailable; discrimination in terms, conditions and privileges; discriminatory advertising; false representation; blockbusting; discrimination in financing; and discrimination in membership in multi-listing services and real estate brokers' organizations. Such discrimination is prohibited on the ground of race, color, religion, sex and national origin.

TABLE A

ESTIMATED PROJECT WORKFORCE BREAKDOWN

Column 1	Column 2	Column 3	Column 4	Column
Job Category	Total Est. Positions	No. Positions Currently Occupied by Permanent Employees	No. Positions Not Currently Occupied	No. Positi to be fil with LIPA
Officers/ Supervisors				
Professionals				
Technicians				
Hsg. Sales/ Rental/Mgt.				
Office/Clerical				
Service Workers				
Others				
Trade:				
Journeymen				
Helpers				
Apprentices				
Maximum No. Trainees				
Others				
Trade:				
Journeymen				
Helpers				
Apprentices				
Maximum No. Trainees				
Others				
Trade:				
Journeymen				
Helpers				
Apprentices				
Maximum No. Trainees				
Others				
TOTAL				

*Lower Income Project Area Residents. Individuals residing within the Section 3 determined project area boundaries whose family income does not exceed 90% of the medium income in the Standard Metropolitan Statistical Area (or the County if not within an SMSA) in which the Section 3 covered project is located.

Company

Project Number

Project Number

EEO Officer (Signature)

Date

TABLE E

PROPOSED CONTRACTS BREAKDOWN

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Contracts (Business or Profession)	Total No. of Contracts	Total Approximate Dollar Amt.	Estimated No. of Contracts to Project Area Businesses :	Estimated Dollar Amt. to Project Area Businesses

Company

Project Name

Project Number

EEO Officer (Signature)

Date

TABLE C

ACTUAL PROJECT WORKFORCE BREAKDOWN

Column 1	Column 2	Column 3	Column 4		Column 5
Job Category	Total Est. Positions	No. Positions Currently Occupied by Permanent Employees	No. Minority/Female Employees M	F	No. LIPA Employee
Officers/ Supervisors					
Professionals					
Technicians					
Hsg. Sales/ Rental/Mgt.					
Office/Clerical					
Service Workers					
Others					
Trade:					
Journeymen					
Helpers					
Apprentices					
Maximum No. Trainees					
Others					
Trade:					
Journeymen					
Helpers					
Apprentices					
Maximum No. Trainees					
Others					
Trade:					
Journeyman					
Helpers					
Apprentices					
Maximum No. Trainees					
Others					
TOTAL					

*Lower Income Project Area Residents. Individuals residing within the Section 3 determined project area boundaries whose family income does not exceed 90% of the medium income in the Standard Metropolitan Statistical Area (or the County if not within an SMSA) in which the Section 3 covered project is located.

Company

Project Name

Project Number

EEO Officer (Signature)

Date

(e) Execution Order No. 11265 As to Minority Business Enterprise Implementation

(f) Activities and contracts not subject to Executive Order No. 11246, as amended.

In carrying out the program, the general contractor will agree that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin and that the general contractor shall take affirmative action to see that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The general contractor shall agree to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Government setting forth the provisions of this non-discrimination clause. The general contractor shall agree to state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin. The general contractor shall agree to incorporate the foregoing requirements of this paragraph (e) in all of its contracts for program work, and will require all of its contractors for such work to incorporate such requirements in all subcontracts for program work.

4. Anti-Discriminatory Provision Required by the City of Baltimore.

Solely with regard to any improvments which may be constructed on the Property, the Company, for itself, and its successors and/or assigns, agrees that in any construction of Improvements in accordance with the provisions of this Agreement, it will include in any construction document provisions requiring the general contractor to comply fully with the provisions of the City of Baltimore relating to unlawful employment practice, as set forth as follows:

The Contractor and all subcontractors shall not engage in any unlawful employment practice prohibited by Section 10 of Article 4 of the Baltimore City Code (1966 Edition) in connection with the construction of any improvements and work to be done in connection therewith. The following shall constitute an "unlawful employment practice" for the purposes of this contract.

(a) For the contractor or any subcontractor, because of the race, color, religion, national origin or ancestry of any individual, to refuse to hire or otherwise to discriminate against him with respect to hire, tenure, promotion terms, conditions or privileges of employment or any matter directly or indirectly related to employment.

(b) For the contractor or any subcontractor, to establish, announce or follow a policy of denying or limiting through a quota system or otherwise, employment or membership opportunities to any individual because of race, color, religion, national origin or ancestry

(c) For the contractor or any subscontractor prior to employment to:

(i) Make any inquiry concerning or record the race, color, religion, national origin or ancestry of any applicant for employment.

(ii) Use any form of application for employment of personnel containing questions or entries regarding race, color, religion, national origin or ancestry.

(iii) Cause to be printed, published or circulated any notices of advertisement relating to employment indicating any preference, limitation, specification, or discrimination based upon race, color, religion, national origin or ancestry.

(d) For the contractor or any subcontractor to penalize or discriminate in any manner against any individual because he has opposed any unlawful employment practice as herein defined, or because he has

made a charge, testified or assisted in any manner in any investigation, proceeding or hearing conducted by the Baltimore Community Relations Commission.

(e) For the contractor or any subcontractor to aid, abet, incite, compel or coerce the commission of any unfair employment practice as defined herein, or to obstruct or prevent any person from complying with the provisions of Section 10 of Article 4 of the Baltimore City Code (1966 Edition) as aforesaid, or any order issued thereunder, or to attempt, directly or indirectly, to commit any unfair employment practice.

In the event that a complaint shall be made against the contractor or a subcontractor by a person claiming to have been the subject of an unlawful employment practice, in that he has been discriminated against in respect of hire, tenure or promotion, then in consideration of the City forebearing to take any other action to establish the said alleged violation of the foregoing provision and to claim a breach of this contract thereunder and asserting its right and pursuing any other remedies it might have because of said breach, the contractor shall agree that upon the following procedure being followed, he will abide by the determination made thereunder as hereinafter provided:

(i) The person aggrieved shall file his complaint, in writing, duly vertified with the Commissioner of Housing and Community Development (hereinafter referred to as "Commissioner"), within seven (7) days after the alleged discriminatory act shall have occurred.

(ii) The Commissioner shall thereupon promptly appoint an employee of the Department who shall investigate the complaint and may effect an amicable settlement thereon (including, but not limited to, restitution, reinstatement or promotion), or failing that, shall make a finding of probable cause for the said complaint, or lack of it.

(iii) If the finding of such employee shall be that the complaint lacked probable cause, then he is empowered to dismiss said complaint, and no further action shall be taken in the matter by the City. If the appointed employee shall find probable cause for said complaint and shall fail to effect an amicable adjustment thereof, then the complaint shall be submitted to the Commissioner for his final determination as Referee with the same powers granted him in this contract with respect to other disputes arising thereunder. If the final determination is that the contractor or subcontractor, if any, is guilty of the discriminatory act charged, then the party who employed such discriminatee shall be liable to the discriminatee for all wages which he shall have lost because of such discriminatory act, and the amount of such lost wages shall be determined by the Commissioner, whose decision thereon shall be final and conclusive on the discriminating party and the discriminatee; and if there shall be any balance then due from the City to discriminating party, the amount of wages so determined to be due to the discriminatee may be withheld by the City (in addition to any other sums to which the City may be entitled to withhold under the contract) until full restitution of such lost wages shall have been made by the contractor to the discriminatee in accordance with the determination of the Commissioner.

The Contractor further shall agree that such discriminatee shall have a right of action against said contractor and/or his surety on his bond to recover the amount of such lost wages by suit at law in any court of competent jurisdiction.

The Commissioner and his appointed employee may utilize the services and seek the advice of any other agency of the City or employee thereof to assist them in making their respective determinations hereunder.

The procedure and remedy outlined above is not to be construed as in any way depriving any person alleged to have been the subject of an unlawful practice as defined herein from pursuing any remedy he may have under Section 10 of Article 4 of the Baltimore City Code (1966 Edition), nor shall such procedure or remedy be construed as pre-empting the right of the Baltimore Community Relations Commission to take such action as it is authorized to and may deem proper under the aforementioned ordinances, nor shall such procedure and remedy, anything contained herein to the contrary notwithstanding, be construed as a waiver by the contractor of any appeal rights the contractor might otherwise have in respect of any determination made in connection therewith.

The contractor further shall agree to insert in each of his subcontracts the above provisions with respect to unlawful practices and to obtain the agreement of all of his subcontractors thereto and to the procedure hereinabove set forth.

A brief statement giving notice of the aforegoing provisions, entitled, "Prohibition Against Discrimination", approved by the City Solicitor, shall be required to be posted in conspicuous places at and about the job site by the General Contractor.

5. <u>Advertising Covenant</u>

The Developer agrees for itself, its successors and assigns, that during development and construction the Developer and its successors and assigns shall include in all advertising (including signs) for sale and/or rental of the whole or any part of the Property shall include the legend "An Open Occupancy Building" in type or lettering of easily legible size and design. the word "Project" or "Development" may be substituted for the word "Building" where circumstances require such substitution. There shall be no discrimination in public access or use of the Property or developments thereon to the extent that they are open to the public.

6. Availability to Minorities

The Developer will use affirmative efforts to seek and offer to minority-group-controlled business the opportunity to lease such portions of the Property as are available for lease as office, retail, or research and development space, and to seek and offer to minority group families and individuals the opportunity to lease or purchase, as offered to the public, housing units to be erected on the Property. As used herein, "minority group" shall include Negroes, Spanish-surnamed Americans, Orientals, and American Indians. Nothing in this Paragraph 6 shall restrict the right of the Developer to determine the use, amount of space and other terms of lease otherwise permitted under this Agreement, provided such terms are not discriminatory.

7. Minority business Enterprise Program. The City of Baltimore has adopted a Minority Business Enterprise Program and the program shall be binding upon the Developer and its contractor with reference to all construction proposed in this project.

SCHEDULE D

Site Preparation

1. Condition of Property. It is understood and agreed by the parties that the Property is to be accepted "as is" by the Developer upon execution of the deed for the Property for the Developer's possession, except as hereafter set forth.

2. Sidewalks and Landscaping. Developer shall construct and maintain sidewalks and landscaping in Parcel 3 as a continuation of Columbus Piazza as designed and along Pratt Street abutting the Property with trees, tree grates and exposed aggregate or comparable paving in accordance with specifications of the Department. The obligations for construction and maintenance of the Easement Improvements or promenade are set forth in Exhibit A-1 hereof.

3. President Street. The City will at its sole cost and expense convert President Street to a divided six-land boulevard, and perform all work relative to the installation of curbs, gutters and sidewalks and landscaping of the area. Future maintenance of the sidewalk abutting the Property shall be the responsibility of Developer.

4. Utilities. Utilities sufficient to serve the Project will be provided by the City in the street rights of way adjacent to the Property prior to delivery of the Property to the Developer.

5. New Bulkhead and Promenade Along Jones Falls. In addition to the improvements provided by Developer in paragraph 2. above, the Developer shall provide all funds required to rebuild and replace the entire bulkhead along the east side of the Jones Falls between Pratt Street and former bed of Fawn Street and shall construct and maintain for general use of the public a new promenade (Easement Improvements) designed and built to City specifications, in that portion of the former bed of East Falls Avenue from Pratt Street to the former bed of Fawn Street. (See Exhibit A-1). Under this Agreement, the new bulkhead construction work is a Developer obligation, however, the City at its option may undertake the actual construction thereof. In either event, the funding for

the bulkhead construction and the Easement Improvements will be provided by and through the Public Improvements Fund as set forth in paragraph 3 of Schedule B. After completion of said construction and acceptance by the City, the City agrees to thereafter maintain the new bulkhead.

6. Sidewalks, Landscaping, Curbs and Gutters, Portions of Columbus Piazza During Construction. Any newly installed sidewalks, landscaping, curbs and gutters along Pratt Street and/or President Street which are damaged during Developer's construction must be restored to the original condition at Developer's sole cost and expense. Any sidewalks, landscaping, curbs and gutters not completed at Developer's request must be completed by the Developer at its sole cost and expense in accordance with original plans and specifications. Similarly, any damage done to Columbus Piazza during construction of the Developer's improvements in Parcel 3, shall be restored to original condition at Developer's sole cost and expense. Any construction or landscaping within Columbus Piazza not completed at Developer's request must be completed by the Developer at it's sole cost and expense in accordance with original plans and specifications.

SCHEDULE E

Minimum Liability Insurance Provisions

During the period of time between the execution of this Agreement and the Settlement Date, Developer shall, at its sole cost and expense, procure and maintain in force, policies of insurance as will protect the Developer and the City, their agents and employees, from any and all claims or damages to any property of the City or of the public. The minimum amounts of such insurance are as follows:

$1,000,000.00 for injury sustained by any one person

$3,000,000.00 for injury sustained by two or more persons in any one accident

$250,000.00 for property damage

A certified copy of the policy or policies of such insurance naming the Mayor and City Council of Baltimore as an insured shall be delivered to the Department.

EXHIBIT F - PROJECT DESCRIPTION

Inner Harbor East Urban Renewal Project

A) STANDARDS AND CONTROLS: AREAS H & I

The following Standards and Controls are a summary of the restrictions which will be incorporated by reference, into the Deed for the Property.

Variations in the Standards and Controls and alternate design concepts will be considered, but they cannot be accepted unless determined by the Neighborhood Progress Administration/ DHCD (hereinafter called the "Department") to be superior to the original concept, or to be required for economic or structural feasibility.

All elevations designated herein by the symbol "EL." refer to heights above Mean Low Tide, as adopted by the Baltimore Survey Control System. The elevations to be established as "Grade Level" will correspond to the Grade Level of the adjacent open and closed street rights of way (i.e., between EL. 7 feet and El.11 feet) and all entrances to habitable space must be above El. 8.75 feet. Also see paragraph 8 of this Exhibit F.

1) Prohibited Uses

Notwithstanding any other provisions of this Agreement, the following uses and facilities shall not be permitted in that portion of the Project to be acquired:

Carpet cleaning establishment, Correctional or Penal Institution; Dog pound or place for the detention or extermination of stray cats and dogs; Dyeing, cleaning, or pressing establishments other than receiving stations; Hotels which have less than 20 sleeping rooms; Ice depots for wholesale or retail trade or storage; Stable for animals used in business, sale, boarding, or livery stables; Display, or sale of motor vehicles except when completely enclosed within structure; Undertaking business or establishment; wheeled motor vehicle repair shop unless enclosed within a structure; Facilities for poultry killing or dressing; Cat or dog hospital; Trailer storage or repair or trailer camp.

2) Permitted Uses

The Property shall be used only for the construction of residential facilities, office and commercial facilities and parking.

3) Urban Design Concept

The Urban design concept for the site is expressed in detail in the height and area controls found below. The Scarlett Seed Building, built in the early 20th Century, is one of a diminishing number of old buildings near the Inner Harbor which are important symbols of Baltimore's past. Recycling of this building should utilize the unique architectural qualities of the building and attempt to recognize and achieve harmony with its cultural and historical significance. New development within the Scarlett Seed Building and on the public benefit to the City, in terms of enhancing the city's appeal as a desirable place for living, working and making use of leisure time.

Following this concept, the existing building exterior should be preserved and, to the extent possible, existing interior features should be utilized.

The Pratt Street and East Falls Avenue frontage should be considered of primary significance to the north

end of the development, with secondary entrance possibilities on the new President Street. New construction rising above the present roof of the Scarlett Seed Building and connecting to it on the open lots development to the immediate south should be architectually compatible and the former beds of East Falls Avenue and Fawn Street frontages of the project should be receptive to future pedestrian activity. No construction at grade will be permitted in Parcel 3 of the Property except for Developer's construction and future maintenance of the continuation of Columbus Piazza immediately adjacent to the south. Other construction above grade in Parcel 3 will be in accordance with Construction Plans as approved by the Department.

4) Time to Complete.

The construction of all Improvements in this project must be completed within 36 months from the date of the deed to the Developer, as evidenced by a Certificate of Completion pursuant to Section 3:02 of Article III of this Agreement.

5) Size of Facilities

The appropriate minimum and maximum size of the various types of facilities that will be permitted on the Property shall be as follows:

a. Residential - a minimum of 140 dwelling units.

b. Office/Commercial - a maximum of 96,000 net leasable square feet.

c. Parking - a minimum of 240 spaces

6) Easements and Access:

A service and emergency vehicles easement will be retained by the City across the former beds of East Falls Avenue and Fawn Street. Curb cuts for service bays and garage use shall be permitted only along the new President Street.

No regular vehicular access will be permitted across the former beds of East Falls Avenue and Fawn Street for the purpose of servicing the project; only limited vehicular access will be permitted from time to time for servicing activities as approved by the City.

7) No Lead-Based Paint.

The Developer agrees for itself, its successors and assigns, to comply with the regulations issued by the Secretary of Housing and Urban Development set forth in 37 F. R. 22732-3 and all applicable rules and orders issued thereunder which prohibit the use of lead based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards.

8) Minim Elevation for Habitable New De pment:

No habitable building area and no building area containing mechanical, electrical, or other equipment or property not easily or quickly removable, shall be permitted below Elevation 10 feet above Mean Low Tide, as adopted by the Baltimore Survey Control System, unless said area is waterproofed and protected against hydrostatic pressure to Elevation 10 feet above Mean Low Tide. Provided, however, such construction may be permitted for cause below Elevation 10 feet above mean low tide on a specific site upon the written request of the Developer, but in no case, shall the construction be permitted lower than the 100 year flood elevation in the Harbor Flood Zone of the flood plain district as delineated in the Flood Insurance Study for Baltimore City effective March 15, 1978 as amended March 16, 1983 prepared for the Department of Housing and Urban Development, Federal Emergency Management Agency.

9) Utilities

Utilities sufficient to serve the development will be provided by the City ~~in Lee Street~~ prior to delivery of the site~~s~~ to the Developer. It will be the Developer's responsibility to construct sidewalks and landscaping on Pratt and former bed of Fawn Street with trees, tree grates and exposed aggregate paving (or approved alternate) in accordance with specifications from the Department (to match other sidewalks in the Inner Harbor Projects).

10) Servicing, Waste Disposal, and Exterior Storage.

All servicing facilities shall be enclosed within structures so as to be shielded from public view. No exposed exterior storage of a temporary or permanent nature will be permitted. Collections from the street will not be permitted.

11) City Codes and Regulations.

The Standards and Controls described herein apply above and beyond the City Codes and Regulations: They do not in any way relax or alter the Developer's sole obligation to satisfy such City Codes and Regulations. Copies of the Building Code currently in use for Baltimore City are available for study and purchase in the City's Department of Legislative Reference.

12) Riparian Rights; Reservation and Grant of Easements

The lot of ground secondly described in Schedule A hereof is subject, to a reservation by the City for the installation and or maintenance of utilities therein and a grant from Developer to the City of a perpetual easement for public pedestrian use and for limited vehicular use as approved by the Department. See Exhibit A-1 as to rights and obligations for Pedestrian Promenade Easement.

All riparian rights along Jones Falls are reserved to the City. Developer is obligated to build a new bulkhead along the Jones Falls adjacent to the Property in accordance with plans approved by the City provided however, City, upon completion and acceptance shall have the continuing responsibility for the maintenance of said new bulkhead.

B) EVIDENCE OF FINANCIAL ABILITY.

Within twenty (20) days after approval by the Department of the Final Construction Plans, and as a condition precedent to the obligation of the City to convey the Property to the Developer, the Developer shall submit to the Department, for its approval, evidence satisfactory to the Department that the Developer has the equity capital and commitments for financing necessary for the acquisition of the Property and the construction of the Improvements thereon.