UNIVERSITY STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

Office of Urban Development Action Grants

UDAG GRANT AGREEMENT

Urban Development Action Grant
Under Section 119
of the
Housing and Community Development Act of 1974
(Public Law 93-383, as Amended)

<table>
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<tr>
<th>Name of Recipient:</th>
<th>C2 UDAG Grant Number:</th>
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<tr>
<td>City of Cambridge, Massachusetts</td>
<td>B-84-AA-25-0147</td>
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<tr>
<td>(Lechmere Canal)</td>
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<th>Address of Recipient:</th>
<th>Preliminary Approval Date:</th>
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<tr>
<td>Mr. Robert Healy</td>
<td>April 6, 1984</td>
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<tr>
<td>City Manager</td>
<td></td>
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<tr>
<td>City Hall</td>
<td></td>
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<tr>
<td>795 Massachusetts Avenue</td>
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<td>Cambridge, Massachusetts</td>
<td>02138</td>
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C176/C182

Amount of Grant:

$4,905,000

UDAG OFFICE USE ONLY

C183 Reviewer: Garrett/Patoski
C510 Draft Attorney: Nash

C520 Draft Typist: Foreman
C202 First LEC Due Date: 10/30/84

C180 Obligation Date: AUG 29 1984
C203 LEC Code: S (Single) X
M (Multiple)

C177 HUD Sign Date: AUG 29 1984

DATA SYSTEMS USE ONLY

C181 Number of Transactions: 4
C198 Construction Jobs: 621
C196 Retained Jobs: 0
C190 New Permanent Jobs: 269
C191 Lo/Mod New Permanent Jobs: 240
C192 CETA Qualified New Permanent Jobs: 144
C193 Minority New Perm Jobs: 144
C174 Private Investment: $32,179,016
C172 Other Public Investment: $2,221,750

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<td>Capital Equipment</td>
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<td>Other Activity</td>
<td>C482</td>
<td>C492</td>
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F R E A M E L E

THIS GRANT AGREEMENT is made and entered into by and between THE
SECRETARY OF HOUSING AND URBAN DEVELOPMENT, acting by and through the
Assistant Secretary for Community Planning and Development, as representative
of the United States of America, and the RECIPIENT.

R E C I T A L S

THE RECIPIENT has applied to the Secretary for grant assistance
under the URA Program to undertake activities which are consistent with the
provisions of Section 119 of the Act and the URA Regulations; and

THE SECRETARY, in reliance upon the representations set forth in
the application, has approved the award of grant funds to the Recipient, to
be expended by the Recipient in conformity with the requirements and provisions
of this Grant Agreement;

IN CONSIDERATION of the mutual promises and covenants contained in
this Grant Agreement, the Secretary and the Recipient agree as follows:

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ARTICLE I
GENERAL PROVISIONS

Section 1.01 Contents of Agreement

This agreement shall consist of this Grant Agreement and the Application, as may, from time to time, be amended.

Section 1.02 Exhibits Incorporated

All exhibits which are referred to in this Grant Agreement and are attached hereto are incorporated herein and made a part hereof.

Section 1.03 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Grant Agreement:

(1) "Act" means the housing and Community Development Act of 1974, Pub. L. No. 93-383, as amended.

(2) "Application" means the Application For Federal Assistance, and such other submittals, as are specified in Exhibit A of this Grant Agreement.

(3) "Default" means any default set forth in subsection (a) of Section 7.01 of this Grant Agreement.

(4) "Eligible Costs" means costs for the activities specified in Exhibits D and C of this Grant Agreement for which grant funds are budgeted as specified in Exhibit D of this Grant Agreement, provided that such costs (i) are not incurred in connection with any activity which, under 24 C.F.R. Part 570, as may be from time to time amended, are ineligible under the LEAG Program, and (ii) conform to the requirements of Attachment E to Federal Management Circular 74-4 (Cost Principles Applicable to Grants and Contracts with State and Local Government), as may be from time to time amended. For purposes of determining the conformity of costs to said Attachment E, all costs set forth in Section C thereof except for "prearrangement costs" and "proposal costs" (which are eligible only to the extent authorized in Section 570.454 of 24. C.F.R. Part 570) may be considered eligible without prior approval of the Secretary.

(5) "Environmental Conditions" means the conditions imposed by law, particularly 24 C.F.R. Part 58, and the provisions of this Grant Agreement which prohibit or limit the commitment and use of grant funds until certain procedural requirements have been completed.

(6) "Environmental Requirements" means the requirements described in 24 C.F.R. Part 58.

(7) "Environmental Studies" means all eligible activities necessary to produce an "environmental document", as that term is defined at Section 1508.10 of 40 C.F.R. Part 1508, or to comply with the requirements of 24 C.F.R. Part 58.

(8) "Grant Funds" means those funds to be provided by HUD to Recipient pursuant to the terms of this Grant Agreement, as specified in Exhibit A of this Grant Agreement.

(9) "HUD" means the United States Department of Housing and Urban Development.

(10) "Letter of Credit" means the letter of credit to be issued or amended by the Department of the Treasury pursuant to Section 3.01 of this Grant Agreement.

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(11) "Non-Recipient Activities" means those activities of the Project to be carried out by Participating Parties, other than the Recipient or an agent or agency of the Recipient, which activities are described in Exhibit C of this Grant Agreement.

(12) "Participating Party" means any person, firm, corporation or entity identified as such in Exhibit A of this Grant Agreement. Identification as a "participating party" signifies that the Secretary, in selecting the Recipient for the award of this grant, relied in material part upon a representation that the party so identified will complete a specified portion of the Project or a specific activity necessary for the completion of the Project.

(13) "Program Income" means the URA percentage of: (i) any income earned by Recipient, or an agent or agency of Recipient, from the disposition of real or personal property acquired in whole or in part with grant funds; (ii) the repayment proceeds (including principal and interest) of any loan made in whole or in part with grant funds; (iii) any other revenues defined as program income in 24 C.F.R. Part 570, Subpart J, and (iv) any income from an activity where it is specifically declared in Exhibit A of this Grant Agreement that the income from such activity shall be deemed to be Program Income. The "URA percentage" means an amount computed by applying the percentage of participation of grant funds in the total cost of acquisition of property, in the total amount of a loan, or in the total cost of an activity, to the income from the disposition of such property, the total repayment proceeds of such loan, or the income from such activity.

(14) "Pockets of Poverty Project" means a Project approved based on an application submitted and approved pursuant to Section 119(b)(2) of the Act.

(15) "Project" means the activities described in the Application and in Exhibits F, C and D of this Grant Agreement which are to be carried out to meet the objectives of the URA Program.

(16) "Recipient" means the local governmental entity receiving grant funds pursuant to this Grant Agreement, as more particularly identified on the cover page of this Grant Agreement.

(17) "Recipient Activities" means those activities of the Project to be carried out by the Recipient, or an agent or agency of the Recipient, which activities are described in Exhibit E of this Grant Agreement.

(18) "Secretary" means the Secretary of Housing and Urban Development or any other official of HUD to whom the Secretary has delegated authority to act with respect to matters covered by this Grant Agreement.

(19) "URA Program" means the Urban Development Action Grant Program established by HUD pursuant to Section 119 of the Act.

(20) "URA Regulations" means the regulations set forth in 24 C.F.R. Part 570, Subpart C, as the same may, from time to time, be amended.

ARTICLE II

AUTHORIZED USES OF GRANT FUNDS

Section 2.01 Grant Assistance Provided

In consideration of the various obligations undertaken by the Recipient pursuant to this Grant Agreement, and in consideration of the obligations to be undertaken by Participating Parties, as represented by the Recipient in the Application, the Secretary agrees, subject to the terms and conditions set forth herein, to provide the Recipient with grant funds in the amount specified in Exhibit A of this Grant Agreement.
Section 2.02 Authorized Uses of Grant Funds

The grant funds provided to the Recipient pursuant to this Grant Agreement shall be used only for the specific purposes described in Exhibits E and C of this Grant Agreement and in the amounts budgeted in Exhibit D of this Grant Agreement, subject to the project amendments provisions of the UERAG Regulations.

Section 2.03 Adjustments to Grant Funds

The amount of grant funds which the Secretary has agreed to provide to the Recipient under this Grant Agreement has been determined by the Secretary in reliance upon the cost estimates of the Recipient with respect to the activities set forth in the Application and the investment commitments of Participating Parties. The Secretary reserves the right to reduce the grant amount (i) to conform to any revision to which the Recipient and the Secretary may agree with respect to Exhibits E, C or D of this Grant Agreement, (ii) if the actual costs for activities are lower than those set forth in Exhibits E, C or D of this Grant Agreement, or (iii) if the investment by Participating Parties is less than the amounts specified in Exhibits E, C, D or F of this Grant Agreement.

Section 2.04 Recipient's Use of Program Income

(a) In order to provide funds to assure completion of the Recipient Activities, the Secretary shall have the right to require all Program Income received by the Recipient, or by any Participating Party, prior to the completion of all Recipient Activities, to be deposited in escrow under arrangements approved by the Secretary. The Secretary may exercise said right either by specifying such requirement in Exhibit A of this Grant Agreement or by separate written instructions to the Recipient delivered at any time prior to the completion of all Recipient Activities and the draw of grant funds to pay costs incurred for such activities.

(b) Unless otherwise specifically stated in Exhibit A of this Grant Agreement, all Program Income which is received by the Recipient or any Participating party, prior to completion of all Recipient Activities shall be used prior to, and in place of, any draw under the Letter of Credit to the extent adequate to pay costs so incurred.

(c) Unless otherwise specifically stated in Exhibit A of this Grant Agreement or in the close-out agreement between the Recipient and/or, all Program Income received by the Recipient, or any Participating Party, after the completion of all Recipient Activities shall be used by the Recipient, or the Participating Party subject to the approval of the Recipient, for community or economic development activities eligible for assistance under Title I of the Act.

(d) For Pockets of Poverty Projects, all Program Income received by the Recipient, or any Participating Party, after the completion of all Recipient Activities shall be used only for activities which directly benefit low- and moderate-income residents of the pocket.

ARTICLE III

DISBURSEMENT OF GRANT FUNDS

Section 3.01 Letter of Credit Procedures

(a) Promptly after the Secretary has received from the Recipient not less than three (3) fully executed copies of this Grant Agreement and has approved evidentiary materials required by Exhibit F of this Grant Agreement that would allow a drawdown of grant funds pursuant to the terms of Exhibit F of this Grant Agreement, the Secretary shall cause a Letter of Credit to be issued to the Recipient by the Department of the Treasury, or shall cause the Letter of Credit previously issued to the Recipient by the Department of the Treasury with respect to the Community.
Development Block Grant Program under Title I of the Act to be increased, in accordance with procedures established by the Department of the Treasury, in an amount not to exceed the amount of grant funds referenced in Section 2.01 and specified in Exhibit A of this Grant Agreement.

(b) The authorization to use the Letter of Credit and to pay costs out of grant funds shall be governed by the provisions of this Grant Agreement and shall be subject to all conditions precedent to the Recipient’s draw of grant funds which are specified in this Grant Agreement. The Recipient shall not draw upon the Letter of Credit until the Secretary has authorized the Recipient to draw pursuant to Section 3.03 of this Grant Agreement.

(c) The Recipient is authorized to draw grant funds against the Letter of Credit only in accordance with the provisions of this Grant Agreement and the procedures established by the Secretary and the Department of the Treasury. No payment by the Department of the Treasury of an improper or unauthorized draw to the Recipient shall constitute a waiver of the right of the Secretary to challenge the validity of such draw, to enforce all rights and remedies set forth in this Grant Agreement, or take corrective or remedial administrative action pursuant to the UDAG Regulations, which action may include, without limitation, suspension or termination of the Recipient’s funding under this Grant Agreement.

(d) The disposition of any grant funds that remain available under the Letter of Credit following completion of the Project, or the termination of this Grant Agreement by the Secretary, or its termination for any cause, shall be in accordance with close-out procedures then in effect or established by the Secretary, and the Recipient shall not have any rights to such grant funds.

Section 3.02 Incuring Costs for Project Activities

(a) The use of grant funds is conditioned upon the Recipient incurring costs to be paid in accordance with this Grant Agreement or as otherwise approved by the Secretary in writing. The incurring of costs to be paid out of grant funds shall be governed by the following:

(1) Except for the cost of application preparation for small cities as specified in the UDAG regulations, no costs incurred prior to the preliminary approval date may be paid out of grant funds.

(2) After the preliminary approval date, eligible administrative costs, including but not limited to costs of Environmental Studies, and costs incurred by Participating Parties, other than the Recipient, its agent or agency, for any activity not to be paid for in whole or in part with grant funds, may be incurred before or after the effective date of this Grant Agreement, as defined in Section 11.14 below, and the satisfaction of environmental conditions.

(3) Except as permitted by 24 C.F.R. part 58, no other costs to be paid out of grant funds may be incurred by the Recipient or any Participating Party until all Environmental Conditions of 24 C.F.R. Part 58 have been fully satisfied and the Secretary has issued the environmental releases required by 24 C.F.R. Part 58.

(4) After the Recipient has satisfied all of the Environmental Conditions and the Secretary has issued the required environmental releases, then at any time after the Preliminary Approval Date for this Project, the Recipient and the Participating Party may incur eligible costs to be paid out of grant funds.

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(b) The authorization to incur costs in subsection (a) above is not an authorization to reimburse those costs and does not mean or imply that such costs will be reimbursed out of grant funds. The Recipient and Participating Parties may voluntarily, at their own risk, and upon their own credit and expense, incur costs as authorized in subsection (a) above, but their authority to reimburse or to be reimbursed out of grant funds shall be governed by the provisions of this Grant Agreement applicable to the payment of costs and the release of funds by the Secretary.

(c) Neither the Recipient nor any Participating Party shall incur any costs in connection with any activity to be paid for, in whole or in part, with grant funds, even though such costs will not be reimbursed out of grant funds, unless such costs could be incurred pursuant to subsection (a) of this Section 3.02 if such costs were to be paid out of grant funds.

(d) Prior to the issuance by the Secretary of the environmental releases required by 24 C.F.R. Part 58, the Recipient may not use any funds, including local funds, to take any action with respect to the Project where such action might have an adverse environmental effect, would limit choices among competing alternatives, or might alter the environmental promises on which the pending clearance is based in such a fashion that the validity of the conclusions to be reached would be affected.

Section 3.03 Authorization by the Secretary for the Recipient to Draw Grant Funds

(a) No costs may be paid out of grant funds prior to the issuance by the Secretary of the environmental releases required by 24 C.F.R. Part 58, a written approval by the Secretary of required evidentiary materials as specified in Exhibits E and F of this Grant Agreement, and written authorization from the Secretary to draw grant funds under the Letter of Credit.

(b) All certifications and other materials required by this Grant Agreement to be submitted to the Secretary as conditions precedent to the Recipient's authority to pay costs out of grant funds shall be submitted by the Recipient prior to any draw of grant funds under the Letter of Credit.

(c) Unless Exhibit E or F of this Grant Agreement authorizes the phasing or staging of the Recipient's draw of grant funds, then upon a finding by the Secretary that the Recipient has submitted, in a timely manner and in acceptable form and content, all of the evidentiary materials specified in Exhibit E of this Grant Agreement and upon approval by the Secretary of said evidentiary materials; and if no default has occurred, as defined in subsection (a) of Section 7.01 of this Grant Agreement, the Secretary shall promptly issue to the Recipient a written authorization to draw grant funds under the Letter of Credit for the purposes authorized by this Grant Agreement.

(d) If Exhibit E or F of this Grant Agreement authorizes the phasing or staging of the Recipient's draw of grant funds, then upon a finding by the Secretary that the Recipient has submitted, in a timely manner and in acceptable form and content, all of the evidentiary materials specified in Exhibit E of this Grant Agreement to be submitted to and accepted by the Secretary for any particular phase or stage of the draw of grant funds; and upon approval by the Secretary of said evidentiary materials; and if no default has occurred, as defined in subsection (a) of Section 7.01 of this Grant Agreement, the Secretary shall promptly issue to the Recipient a written authorization to draw grant funds under the Letter of Credit in accordance with any requirements or authorizations described in Exhibit E or F respecting the particular phase or stage of the draw of grant funds.

(e) Prior to the Recipient's payment of any costs with grant funds, and prior to the Recipient's drawing of any grant funds under the Letter of Credit, the Recipient shall not have been served by the Secretary with any notice suspending the Recipient's authority to draw grant funds under the Letter of Credit, nor be in breach of the Recipient's obligation to report a default, pursuant to subsection (a) of Section 5.05 of this Grant Agreement.
ARTICLE IV
COMPLIANCE WITH FEDERAL RULES AND UDAG REGULATIONS

Section 4.01 Delegation and Acceptance of Responsibilities Under Federal Rules

By its execution of this Grant Agreement, the Recipient represents and warrants that it has the legal capacity to assume the responsibilities for compliance with all applicable Federal rules and agrees and undertakes to assume and carry out all such responsibilities in accordance with all the requirements which are or may be established pursuant thereto.

Section 4.02 Compliance with UDAG Regulations

The Recipient shall comply with the UDAG regulations, including the certifications specified therein.

ARTICLE V
REPRESENTATIONS, WARRANTIES, AND SPECIFIC OBLIGATIONS

Section 5.01 Recipient's Representations and Warranties

The Recipient has, by and through consultations among all appropriate members of the Recipient's governing body and its officers, examined into each of the following and by its execution of this Grant Agreement the Recipient does, upon information and belief, represent and warrant to the Secretary that:

1. The Recipient is duly organized and validly existing under the laws of the jurisdiction of which the Recipient is a part, and has all requisite power and authority to enter into this Grant Agreement.

2. A resolution, motion, order or ordinance has been duly adopted, passed or enacted as an official act of the Recipient’s governing body, authorizing the execution and delivery of this Grant Agreement by the Recipient and authorizing and directing the person executing this Grant Agreement to do so for and on behalf of the Recipient.

3. This Grant Agreement has been executed and delivered by the Recipient, in such manner and form as to comply with all applicable laws to make this Grant Agreement the valid and legally binding act and agreement of the Recipient.

4. Except as set forth in Exhibit A of this Grant Agreement, there is no action, proceeding, or investigation now pending, nor any basis therefor, known or believed to exist by the Recipient, which (i) questions the validity of this Grant Agreement, or any action taken or to be taken under it, or (ii) is likely to result in any material adverse change in the authorities, properties, assets, liabilities, or conditions (financial or otherwise) of the Recipient which would materially and substantially impair the Recipient's ability to perform any of the obligations imposed upon the Recipient by this Grant Agreement.

5. The representations, statements, and other matters contained in the Application were true and complete in all material respects as of the date of filing. Except as set forth in Exhibit A of this Grant Agreement, the Recipient is aware of no event which would require any amendment to the Application (other than an amendment which has been filed with and approved by the Secretary) in order to make such representations, statements, and other matters true and complete in all material respects and not misleading in any material respect. The Recipient is aware of no event or other fact which should have been, and has not been, reported in the Application as material information.

6. The Recipient has obtained, or has reasonable assurances that it will obtain, all Federal, State and local government approvals and reviews required by law to be obtained by the Recipient for the Project; and all Participating Parties have obtained, or the Recipient has reasonable assurances that such Participating Parties will obtain, all such approvals and reviews required by law to be obtained by the Participating Parties for the Project.

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(7) Insofar as the capacity of the Recipient to carry out any obligation under this Grant Agreement is concerned, (i) the Recipient is not in material violation of its Charter, or any mortgage, indenture, agreement, instrument, judgment, decree, order, statute, rule or regulation and (ii) the execution and performance of this Grant Agreement will not result in any such violation.

(8) Except for approved eligible administrative and personnel costs, no member, officer, or employee of the Recipient, or its designees, or agents, no consultant, no member of the governing body of the Recipient or the locality in which the program is situated, and no other public official of the Recipient or such locality or localities, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decisionmaking process or gain insider information with regard to the project, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity, or benefit therefrom, which is part of this Project at any time during or after such person's tenure. This provision shall be in addition to the requirements in Attachments O of OMB Circular A-102 and A-110.

(However, upon written request of the Recipient, the Secretary may agree in writing to waive a conflict otherwise prohibited by this provision whenever there has been full public disclosure of the conflict of interest, and the Secretary determines that undue hardship will result either to the Recipient or the person affected by applying the prohibition and that the granting of a waiver is in the public interest. No such request for a waiver shall be made by Recipient which would, in any way, permit a violation of State or local law or any charter provision of the Recipient.)

Section 5.02 Obligation to Complete Recipient Activities as Scheduled

(a) The Recipient shall use its best efforts to assure the completion of the Recipient Activities described in Exhibit B of this Grant Agreement within the time periods specified in Exhibit F of this Grant Agreement.

(b) The Recipient agrees that the foregoing undertaking and assurance means that Recipient shall, to the maximum extent permitted by law, use and apply all of its governmental and proprietary powers for such completion, including but not limited to those powers governing taxes, other revenues, credit, eminent domain and appropriations, if necessary, for the purpose of providing any shortfall between funds available under this grant and funds necessary to complete all of the Recipient Activities described in Exhibit B of this Grant Agreement.

Section 5.03 Obligation to Achieve Projected Jobs

(a) In selecting the Recipient for this grant, the Secretary considered certain representations by the Recipient to the Secretary that this grant is expected to create a specific number of permanent new job opportunities, including a specific number of new permanent job opportunities for minorities, CDFA-eligible persons, and persons who, at the time of their employment, will be persons of low- or moderate-income within the meaning of Section 570.3 of 24 C.F.R. Part 570, as may be from time to time amended.

(b) The Recipient acknowledges its representations in the Application pertaining to the creation of jobs and obligates itself to use its best efforts to create, or cause to be created, the numbers and kinds of jobs within a specified time period as specified in Exhibit A of this Grant Agreement as being expected to be created through this grant.

(c) For Pockets of Poverty Projects, Recipient shall ensure that at least 75 percent of all permanent jobs initially resulting from the Project are provided to low- and moderate-income persons and that at least 51 percent of all permanent jobs resulting from the Project are provided to low- and moderate-income residents from the Pocket. Recipient shall continuously use best efforts to ensure that at least 75 percent of all permanent jobs resulting from the Project are provided to low- and moderate-income persons and that at least 51 percent of all permanent jobs resulting from the Project are provided to low- and moderate-income residents from the Pocket.

(d) The Recipient obligates itself to use all powers available to

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Recipient to enforce the undertakings or assurances of Participating Parties respecting the creation of joos which are specified in Exhibit A of this Grant Agreement.

Section 5.04 Obligation to Cure Title Defects

(a) The Recipient shall use its best efforts to promptly cure, or cause to be cured, any defect in the title to any real property necessary to the completion of Recipient Activities, where such defect will or may have a material adverse effect on the use of such real property for the Project.

(b) The Recipient agrees that the foregoing obligation means that the Recipient shall, to the maximum extent permitted by law, use and apply all of its governmental and proprietary powers, including but not limited to those powers governing taxes, other revenues, credit, eminent domain and appropriations, if necessary, for the purpose of assuring the availability of all real property, free and clear of adverse and inhibiting title defects, which is necessary to complete Recipient Activities.

Section 5.05 Notification and Action Upon Default

(a) The Recipient shall promptly give written notice to the Secretary upon the discovery by the Recipient of any default involving any Participating Party, as defined in Section 7.01 of this Grant Agreement.

(b) Promptly upon the discovery of any default involving any Participating Party, the Recipient shall vigorously pursue, to the fullest extent possible, all remedies available to Recipient to remove or cure such default, or to seek redress or relief from its effects, including reimbursement for any grant funds expended on the Project, and to prevent or mitigate any adverse effects on the Project. Recipient shall keep the Secretary fully informed as to the status of such actions.

ARTICLE VI

INSPECTION AND REVIEW

Section 6.01 Duty to Maintain, and Rights to Inspect and Copy, Books, Records and Documents

(a) The Recipient shall keep and maintain such books, records and other documents as shall be required under rules and regulations now or hereafter applicable to grants made under the UBG Program, and as may be reasonably necessary to reflect and disclose fully the amount and disposition of the grant funds, the total cost of the activities paid for, in whole or in part, with grant funds, and the amount and nature of all investments related to such activities which are supplied or to be supplied by other sources.

(b) All such books, records and other documents shall be available at the offices of the Recipient (except that books, records and other documents of a Participating Party which are subject to this Section 6.01 may be maintained at the offices of such Participating Party) for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Secretary or the Comptroller General of the United States.

Section 6.02 Site Visits

Any duly authorized representative of the Secretary shall, at all reasonable times, have access to all portions of the Project.

Section 6.03 Duration of Inspection Rights

The rights of access and inspection provided in this Article VI shall continue until the completion of all close-out procedures respecting this grant, and until the final settlement and conclusion of all issues arising out of this grant.

Section 6.04 Reports

The Recipient shall promptly furnish to the Secretary all reports required to be filed in accordance with any directives of the Secretary or any statute, rule or regulation of HUD. Recipient shall provide to the HUD Area and Central Offices an annual report on the use of Program Income as long as such funds are generated by the Project.
ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Defaults
A default shall consist of any use of grant funds for any purpose other than as authorized in Exhibits B, C and D of this Grant Agreement; or any breach of any covenant, agreement, provision, or warranty of (i) the Recipient made in this Grant Agreement; (ii) the Recipient made in any agreement entered into between the Recipient and any Participating Party relating to the Project; (iii) any Participating Party made in any agreement specified in Exhibit E of this Grant Agreement, or; (iv) the performance schedule specified in Exhibit F of this Grant Agreement.

Section 7.02 Remedies Upon Default
(a) Upon occurrence of any default as described in Section 7.01, the Secretary may suspend the Recipient's authority to draw any Grant Funds under the Letter of Credit at any time by notice to the Recipient. If a default is not cured within thirty (30) consecutive days from notice of such default by the Secretary to the Recipient, the Secretary may continue such suspension or by delivery of notice terminate this Grant Agreement. In the event of a termination, the Recipient's authority to draw grant funds under the Letter of Credit shall have terminated at the date of the notice of termination and the Recipient shall have no right, title or interest in or to any grant funds remaining under the Letter of Credit.

(b) In addition to any other rights or remedies, if a default consists of the Recipient's failure to submit the evidentiary materials described in Exhibit E of this Grant Agreement by the date specified in Exhibit F of this Grant Agreement, the Secretary shall have the right to terminate this Grant Agreement and the award of grant funds to which this Grant Agreement relates by delivery of written notice to the Recipient. Upon such termination, all obligations of the Secretary pursuant to this Grant Agreement and such award shall cease and the Recipient shall neither have nor retain any rights whatsoever with respect to the grant funds provided under this Grant Agreement.

(c) If a default occurs, the Secretary may at any time or from time to time proceed to protect and enforce all rights available to the Secretary under this Grant Agreement by suit in equity, action at law, or by any other appropriate proceedings, whether for specific performance of any covenant or agreement contained in this Grant Agreement, or damages, or other relief, or proceed to take any action authorized or permitted under applicable law or regulations, including the recapture of any expended grant funds from any payments received by Recipient as a result of the default of any Participating Party.

(d) The rights and remedies available to the Secretary in the event of a suspension or termination of this Grant Agreement shall survive such suspension or termination.

ARTICLE VIII
CERTIFICATIONS BY RECIPIENT

Section 8.01 Certifications Upon Draw of Funds
Execution by the Recipient of each request for a draw of grant funds under the Letter of Credit shall constitute a certification that:

(1) All of the representations and warranties of the Recipient as set forth in Section 5.01 of this Grant Agreement continue to be valid, true, and in full force and effect.

(2) The Recipient is in compliance with all of the Recipient's obligations specified in this Grant Agreement which, by their terms or intent, are applicable at the time of the draw of grant funds.

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(3) All conditions precedent to the Recipient's authority to draw the grant funds shall have been satisfied, in accordance with Section 3.03 of this Grant Agreement.

(4) The grant funds to be drawn will be used for Eligible Costs actually incurred in accordance with the provisions of Exhibits B, C and D to this Grant Agreement.

(5) All Program Income which has been received by the Recipient or by a Participating Party has been deposited or used in accordance with the provisions of Section 2.04 of this Grant Agreement.

Section 8.02 Certification After Completion of all Recipient Activities

Within thirty (30) days after the completion of all Recipient Activities, the Recipient shall submit to the Secretary a written certification, executed by the chief executive officer of the Recipient, stating that all Recipient Activities, have been completed consistent with the terms of this Grant Agreement, and specifying the date of completion and the cost for each Recipient Activity.

Section 8.03 Certification After Completion of All non-Recipient Activities

Within thirty (30) days after the completion of all Non-Recipient Activities, the Recipient shall submit to the Secretary a written certification, executed by the chief executive officer of the Recipient, stating that all Non-Recipient Activities, have been completed consistent with the terms of this Grant Agreement, and specifying the date of completion and the cost for each Non-Recipient Activity. The certification shall have attached to it a statement from each Participating Party that the information in the certification with respect to the Non-Recipient Activities carried out by that Participating Party is complete and correct.

ARTICLE IX

THIRD PARTY CONTRACT REQUIREMENTS

Section 9.01 Escrow of Program Income

The Recipient shall include in all contracts with Participating Parties involving activities to be paid for with grant funds, a provision that, upon instruction by the Secretary, all Program Income received by the Participating Party, prior to the completion of all Recipient Activities, shall be deposited in escrow under arrangements approved by the Secretary, in order to provide funds to assure the completion of the Recipient Activities.

Section 9.02 Program Income Applied to Costs

Unless Exhibit A of this Grant Agreement authorizes or requires otherwise, the Recipient shall include in all contracts with Participating Parties involving activities to be paid for with grant funds, a provision that all Program Income received by the Participating Party, prior to the completion of all Recipient Activities, shall be transmitted to the Recipient for payment of costs incurred for Recipient Activities.

Section 9.03 Program Income for Title I Activities

Unless Exhibit A to this Grant Agreement authorizes or requires otherwise, the Recipient shall include in all contracts with Participating Parties involving activities to be paid for with grant funds, a provision that all Program Income received by the Participating Party after the completion of all Recipient Activities shall, at the option of the Recipient, either be transmitted to the Recipient, or used by the Participating Party with Recipient approval, for community and economic development activities which would be eligible for assistance under Title I of the Act, unless otherwise provided in the close-out agreement between Recipient and HUD.
Section 9.04 Assurance of Governmental Approvals

The Recipient shall include in all contracts with Participating Parties a warranty that the Recipient and each Participating Party has obtained, or has reasonable assurance that it will obtain, all Federal, State and local governmental approvals and reviews required by law to be obtained by the Recipient or Participating Party for the Project. Any such approvals or reviews which have not been obtained shall be specified in the contract.

Section 9.05 Completion of Project

The Recipient shall cause to be included in all contracts with Participating Parties a representation on the part of each Participating Party that the Participating party acknowledges that the Secretary, in selecting the Recipient for the award of this grant, relied in material part upon the assured completion of the Project and that the Participating Party assures the Recipient that such activities will be completed by the Participating Party.

Section 9.06 Assurances of Projected Jobs

(a) The Recipient shall either include in all appropriate contracts with Participating Parties or shall secure in the most legally binding and enforceable form for such assurance available under the laws of Recipient's State, written assurances from each Participating Party that such Participating Party will use its best efforts to create or cause to be created, within a time specified in Exhibit A of this Grant Agreement, a specified number of new permanent job opportunities, including a specified number of new permanent job opportunities for minorities, CETA-eligible persons, and persons who, at the time of their employment, will be persons of low- and moderate-income.

(b) For Projects of Poverty Projects, Recipient shall also include assurances necessary to comply with Section 5.03(c) of this Grant Agreement. All assurances shall (i) state that in order to assist and enable the Recipient to report to the Secretary, as the Secretary may require, the assuring Participating Party agrees to report to the Recipient, as the Recipient may from time to time require, on the numbers and kinds of such jobs created or caused to be created and filled, and (ii) contain such other provisions as may be required by the Recipient to enable the Recipient to comply with any reporting requirements of the Secretary and to cause the assurances to be legally binding and enforceable to the maximum extent permitted by the applicable law.

Section 9.07 Maintaining Records and Right to Inspect

The Recipient shall include in all contracts with Participating Parties receiving grant funds provisions requiring that (i) each such Participating Party keep and maintain books, records and other documents relating directly to the receipt and disbursement of such grant funds; and (ii) any duly authorized representative of the Secretary or Comptroller General of the United States shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records and other documents of such Participating Party until the completion of all close-out procedures respecting this grant and the final settlement and conclusion of all issues arising out of this grant.

Section 9.08 Access to Project

The Recipient shall include in all contracts with Participating Parties a provision that each Participating Party agrees that any duly authorized representative of the Secretary shall, at all reasonable times, have access to any portion of the Project in which such Participating Party is involved until the completion of all close-out procedures respecting this grant.

Section 9.09 No Assignment or Succession

The Recipient shall include in all contracts with Participating Parties receiving grant funds an acknowledgement and agreement by the Participating Party that no transfer of grant funds by the Recipient to the Participating Party shall be or be deemed an assignment of grant funds, and that such

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Participating Party shall neither succeed to any rights, benefits or advantages of the Recipient under this Grant Agreement, nor attain any rights, privileges, authorities or interests in or under this Grant Agreement.

Section 9.10 Secretary Approval of Amendments

The Recipient shall include, or cause to be included, in all contracts which are required to be submitted to and approved by the Secretary in accordance with Exhibit E of this Grant Agreement a provision that during the term of this Grant Agreement such contract shall not be amended in any material respect, after such approval and acceptance, without the prior written approval of the Secretary. "Material" shall be defined as anything which cancels or reduces any development, construction, job creating, or financial obligation of any Participating Party by more than ten (10%) percent, changes the sites or character of any development activity, or increases any time for performance by a party by more than thirty (30) days.

Section 9.11 Disclaimer of Relationships

The Recipient shall include in all contracts with Participating Parties, and in all contracts with any party involving the use of grant funds, an acknowledgement that nothing contained in this Grant Agreement, or in the contract between the parties, nor any act of the Secretary, the Recipient, or any of the parties, shall be deemed or construed by any of the parties, or by the third persons, to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship involving the Secretary.

Section 9.12 Limitation of Recipient Liability for Project Activities

Unless otherwise specified in Exhibit A of this Grant Agreement, the Recipient shall include in all contracts with Participating Parties, and in all contracts with any party involving the use of grant funds, an acknowledgement that the Recipient shall not be liable to any Participating Party, or to any party except HUD, for completion of, or the failure to complete, any activities which are a part of the Project, except those specified in Exhibit B of this Grant Agreement.

Section 9.13 Conflict of Interest

The Recipient shall include in all contracts with Participating Parties, and in all contracts with any party involving the use of grant funds, a conflict of interest provision consistent with Section 5.01(8) of this Grant Agreement.

Section 9.14 Project Signs

The Recipient shall include in all contracts with Participating Parties, and in all contracts with any party involving the use of grant funds, a project sign provision consistent with any criteria which may be established by the Secretary.

ARTICLE X

EVIDENTIARY MATERIALS

Section 10.01 Commitments of Participating Parties - General

(a) In selecting the Recipient for the award of this grant, the Secretary has relied, in material part, upon the representations of the Recipient and Participating Parties that the Recipient and the Participating Parties (i) will carry out certain activities connected with the Project; (ii) will complete those activities; (iii) have, or will have, the financial capability to assure the carrying out of the activities to their completion; and (iv) will invest, or cause to be invested, a specific value amount in the Project. The Secretary has also relied upon the Recipient and Participating Parties' representations that such Participating Parties will, prior to any use of grant funds for the Project, enter into legally binding agreements evidencing the commitments which were so relied upon by the Secretary.

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(b) Evidentiary materials to be submitted to and approved by the Secretary as specified in Exhibit E of this Grant Agreement shall include:
(i) a complete index describing the material submitted; (ii) the legally binding and enforceable commitment of the Participating Party, in unequivocal terms, to undertake and complete specified activities connected with the Project, and to expend on the Project a specified minimum amount of funds or other form of investment; and (iii) clear and convincing proof that the Participating Party has on hand, or will have available to it, any finances or other things of value necessary to carry out the promises of completing the activities and making the specified investment.

(c) Evidentiary materials which have been submitted to and approved by the Secretary shall not be amended in any material respect without prior written approval of the Secretary.

Section 10.02 Form of Documentary Evidence - General

All documentary evidence of commitments submitted to the Secretary for approval shall be in the form of either (i) a duplicate original, or (ii) a photographic copy of the fully executed original, of the documents.

Section 10.03 Opinions of Recipient's Counsel

(a) Whenever, in Exhibit E to this Grant Agreement or otherwise, the opinion of an attorney is required as part of any evidentiary material to be submitted to the Secretary, the opinion shall be in writing and shall be that of counsel for the Recipient, unless otherwise specified.

(b) In the formulation or rendering of an opinion, Recipient's counsel may rely upon the certification of other persons, or the written statements or opinions of other counsel; provided, a copy of each such certification, statement, or opinion is attached to the opinion of Recipient's counsel.

(c) If, in the formulation and rendering of an opinion, the Recipient's counsel predicates the opinion upon "information and belief," then in all such cases the opinion of Recipient's counsel shall contain, or have attached thereto, a statement or description of all of the information upon which the belief of counsel is predicated.

Section 10.04 Evidence of Contracts - Form

(a) Evidence of contractual commitments submitted to the Secretary shall be in the form specified in Section 10.02 above; shall include all of the documents evidencing the contractual commitment; and shall have attached the opinion of Recipient's counsel made in accordance with Section 10.03 above.

(b) The opinion of Recipient's counsel shall certify that the documents comply with Section 10.02 above, that Recipient's counsel has examined into the authority of all parties to the documents, and of all persons executing the documents on behalf of the parties, and that said parties and persons were authorized to enter into and execute the documents.

(c) The opinion of Recipient's counsel shall state that the documents constitute a valid and legally enforceable contract under the laws of the Recipient's State and that the documents conform to the provisions of this Grant Agreement, except as to any particulars specified in the opinion.

Section 10.05 Evidence of Loan Commitments - Form

(a) Evidence of loan commitments from private lending institutions shall be in the form specified at Section 10.02 above; shall include all of the documents evidencing the loan commitment, an acceptance by the borrower, the purposes of the loan, the authorized use of loan funds, and all other terms and conditions of the loan commitment, the acceptance, and the loan; and shall have attached the opinion of Recipient's counsel, made in accordance with Section 10.03.

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(b) A loan commitment may specify contingencies or conditions which must be satisfied before the closing of the loan, or the disbursement of loan funds, but the commitment shall be an irrevocable commitment, enforceable by the borrower upon satisfaction of all contingencies or conditions.

(c) The opinion of Recipient's counsel shall certify that the documents comply with Section 10.02; that Recipient's counsel has examined into the authority of all parties to the loan commitment and the acceptance, and of all persons executing the loan commitment and acceptance on behalf of the parties; and that said parties and persons were authorized to make the loan commitment and acceptance.

(d) The opinion of Recipient's counsel shall state that, subject only to such contingencies and conditions as are expressed in the documents, the lending institution is irrevocably committed to loan, and the borrower to accept upon the terms and conditions specified, the principal amount specified in the loan commitment; and that the loan commitment, and the acceptance, and all of the terms and conditions of the loan commitment, and the loan, are lawful and enforceable under the laws of the Recipient's State; and that the documents conform to the provisions of this Grant Agreement, except in any particulars specified in the opinion.

(e) If, under the terms of the loan commitment, the making of the loan is contingent upon the happening of any condition precedent, then the approval of the commitment by the Secretary as the evidence required under this Grant Agreement may be conditioned by the Secretary upon the submission and acceptance of further evidence that such contingencies have been satisfied, or that the contingencies have been otherwise removed, or that the loan has closed.

(f) Where evidence of a loan commitment is required to be submitted to the Secretary under this Grant Agreement, evidence of the actual closing of the loan shall be acceptable, in lieu of the foregoing, provided such evidence complies with Section 10.06.

Section 10.06 Evidence of Loans - Form

(a) Evidence of a loan having been made or closed shall be in the form specified at Section 10.02; shall be on the letterhead of the lending institution; shall state the principal amount of the loan, its purposes (interim or permanent), and the authorized uses of loan funds; shall describe or identify the security for the loan; shall state the term of the loan; shall identify all parties to the loan; shall be executed by an authorized officer of the lending institution; and shall have attached an opinion of recipient's counsel made in accordance with Section 10.03, certifying that the documents comply with Section 10.02, and that the officer of the lending institution was authorized to execute the documents.

(b) Evidence of a loan having been made or closed may also be submitted in the form of copies of recorded notes, deeds, bonds, indentures and other documents which comply with Section 10.02 and which contain sufficient evidence, including evidence of recordation, to enable the Secretary to determine the matters specified above at subsection (a) of this Section 10.06 and that the loan has been made or closed.

Section 10.07 Evidence of Liquid Assets - Form

Whenever a Participating Party is required to provide evidence of liquid assets for an activity in an amount and manner satisfactory to a lending institution, such evidence shall be in the form specified at Section 10.02; shall be on the letterhead of the lending institution; shall identify the participating Party; and shall state that the Participating Party has on hand or immediately available to the participating Party, liquid assets of a value and in an amount satisfactory and acceptable to the lending institution, and that the availability and use of the liquid assets for the activity to be carried out by the participating Party in connection with the Project is assured to the satisfaction of the lending institution. The document shall be executed by an authorized officer of the lending institution; and shall have attached an opinion of recipient's counsel, made in accordance with
Section 10.03, that the documents comply with Section 10.02 and that the officer of the lending institution was authorized to execute the same.

Section 10.08 Evidence of Finances Satisfactory to Counsel - Form

(a) Whenever evidence is required in the form of a statement and opinion of Recipient's counsel that a Participating Party will provide a specific amount of finances for purposes of carrying out the commitment of that Participating Party in connection with the Project, such evidence shall be in the form of an opinion of Recipient's counsel made in accordance with Section 10.03.

(b) The opinion of Recipient's counsel shall certify that counsel has examined into the availability to the Participating Party of liquid assets and/or of debt financing; shall state the amount and the source of liquid assets on hand or immediately available to the Participating Party for use in the Project; and shall state the amount and the source of debt financing which is available, or irrevocably committed, to the Participating Party for use in the Project. The evidence of these funds shall be consistent with the provisions of Sections 10.05, 10.06 and 10.07 above to the extent possible.

(c) The opinion of Recipient's counsel shall be that the Participating Party has on hand, or immediately available, or irrevocably committed to the Participating Party, for use in carrying out the commitments of the Participating Party to the Project, liquid assets and/or debt financing in a sum equal to the specified amount of finances required in this Grant Agreement.

(d) Submissions pursuant to this Section shall be subject to HUD approval as to form and content.

Section 10.09 Anti-Speculation Provisions - Sale of Real Property

(a) Whenever, in Exhibit E of this Grant Agreement, a document is required to contain a provision for the prevention or discouragement of speculation in the purchase and sale of property by a beneficiary of grant funds, then, unless otherwise specified, such provision shall comply with this Section.

(b) The document shall prohibit the beneficiary of grant funds from selling or otherwise disposing of the property within a period specified in Exhibit L of this Grant Agreement after the date of the purchase, for an amount in excess of the purchase price paid, plus the actual costs of any improvements to the property by the beneficiary. The prohibition against sale shall have the same force and effect as a lis pendens, and shall specify that in the event of any attempted sale, in violation of the provision, the Recipient shall be entitled to the ex parte issuance of an injunction restraining such sale. The document shall be executed and authenticated in such manner and form as may be required under State law to authorize its recordation at the place of recordation of deeds, as if a lis pendens; and the document shall be so recorded.

(c) The document may, in conjunction with the foregoing, or in lieu thereof, describe a procedure whereby, in the event of any sale of the property within the period specified in Exhibit L of this Grant Agreement, the amount of grant funds which benefited the beneficiary shall be repaid by the beneficiary to the Recipient. Such procedure may include a pro-rata reduction of the amount to be repaid, based upon the time elapsing between the date of the initial purchase of the property and its disposition by the beneficiary, the document must either specify the amount of grant funds which benefited the beneficiary, or set forth a formula or agreed method for determining such amount. The document shall be executed and authenticated in such manner and form as may be required to authorize its recordation, as if a lis pendens; and the document shall be so recorded.

Section 10.10 Evidence of Title to Real Property - Form

Whenever, in Exhibit E of this Grant Agreement, a Participating Party or the Recipient is required to acquire fee simple or leasehold title to real property, and proof of such acquisition is required, evidence shall be in the form of an opinion of Recipient's counsel, made in accordance with Section 10.03. The opinion shall certify that on a specified date, either an original ALTA policy of land or mortgage title insurance, or other records identified in

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the opinion, were examined by Recipient’s counsel; and that said policy or other
records identified the Participating Party, or a wholly-owned subsidiary of the
Participating Party, or the Recipient or its agent or agency, as required, as the
owner or lessee of record, in fee simple or leasehold, of said property. The
opinion shall further state that on the date specified by Recipient’s counsel, the
record fee simple or leasehold title to said real property was vested, in the
Participating Party, or such subsidiary thereof, or in the Recipient or its agent
or agency as required. In lieu thereof, evidence may be in the form of documents
which comply with Section 10.02 and which contain sufficient evidence, including
evidence of recordation, to enable the Secretary to determine, to the satisfaction
of the Secretary, that the Participating Party or the Recipient did acquire the
title, as required.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Notices

(a) All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Grant Agreement shall be in writing.

(b) Any such communication shall be deemed effective for all purposes as of the date such communication is mailed, postage prepaid, by registered or certified mail, return receipt requested, to be delivered only to the office of the addressee, addressed as follows:

(1) Communications to the Secretary shall be mailed simultaneously to: (A) The Director, Office of Urban Development Action Grants, U.S. Department of Housing and Urban Development, 451 7th Street, S.W., Room 7258, Washington, D.C. 20410, and (B) The Area Office Manager of the HUD Area Office authorized to receive the Application of the Recipient for the grant hereunder; and (C) such other persons or at such other addresses as may be furnished by the Secretary to the Recipient.

(2) Communications to the Recipient shall be addressed to the Recipient, at the address set forth in Exhibit A of this Grant Agreement, or such other address as may be furnished by the Recipient to the Secretary.

Section 11.02 Assignment

No right, benefit, or advantage accruing to the Recipient under this Grant Agreement and no burden imposed on the Recipient hereunder may be assigned without the prior written approval of the Secretary. An authorization by the Secretary for the transfer of grant funds by Recipient to a Participating Party shall not be deemed an authorization for an assignment, and such Participating Party shall not succeed to any rights, benefits or advantages of the Recipient hereunder.

Section 11.03 Successors Bound

This Grant Agreement shall bind, and the rights, benefits and advantages shall inure to, the Recipient’s successors.

Section 11.04 Remedies Not Impaired

No delay or omission of the Secretary in exercising any right or remedy available under this Grant Agreement shall impair any such right or remedy or constitute a waiver of any default, or an acquiescence therein.

Section 11.05 Cumulative Remedies

All rights and remedies of the Secretary under this Grant Agreement shall be cumulative.

Section 11.06 Severability

The invalidity of any article, section, subsection, clause or provision of this Grant Agreement shall not affect the validity of the remaining

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Section 11.07 Entire Agreement

This Grant Agreement constitutes the entire agreement between the Secretary and the Recipient and supersedes all prior oral and written agreements between the parties hereto with respect to the subject grant. Notwithstanding the provisions of Section 11.01 of this Grant Agreement, in the event of any inconsistency between the provisions of this Grant Agreement and anything contained in the Application, then the provisions of this Grant Agreement shall prevail.

Section 11.08 Execution in Counterparts

This Grant Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.

Section 11.09 Table of Contents; Titles and Headings

Any table of contents, the title of the Articles, and the headings of the sections and subsections set forth herein are not a part of this Grant Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

Section 11.10 Amendment of this Grant Agreement

This Grant Agreement, or any part hereof, may be amended from time to time hereafter only in writing executed by the Secretary and the Recipient.

Section 11.11 Disclaimer of Relationships

The Recipient acknowledges that the obligation of the Secretary is limited to providing grant funds in the manner and on the terms set forth in this Grant Agreement. Nothing in this Grant Agreement, nor any act of either the Secretary or of the Recipient, shall be deemed or construed by either of them, or by third persons, to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship whatsoever involving the Secretary.

Section 11.12 Governing Law

This Grant Agreement as it may affect the rights, remedies, duties, and obligations of the Secretary shall be governed by and construed in accordance with Federal law. In so far as Federal law does not apply, the provisions of this Grant Agreement shall be governed by and construed in accordance with the laws of the Recipient's State.

Section 11.13 Waiver by Secretary

The Secretary reserves and shall have the exclusive right to waive, at the sole discretion of the Secretary, and to the extent permitted by law, any requirement or provision under this Grant Agreement. No act by or on behalf of the Secretary shall be, or be deemed or construed to be, any waiver of any such requirement or provision, unless the same be in writing, signed by the Secretary, and expressly stated to constitute such waiver.

Section 11.14 Effective Date

(a) This Grant Agreement shall, when executed and dated by the Secretary, constitute an offer by the Secretary to the Recipient to make the within grant and to enter into this Grant Agreement. When delivered to the Recipient so executed and dated, the same shall constitute a tender of said offer, which shall be promptly accepted, if at all, by the Recipient and which shall not be altered without the Secretary's approval. The Secretary may revoke the tender and rescind the offer at any time prior to its acceptance by the Recipient, by written notice of the Secretary to the Recipient, given as specified at Section 11.01 of this Grant Agreement.
(b) This Grant Agreement shall be deemed to have been accepted, and shall become effective, as of the date this Grant Agreement is executed and dated by the Recipient.

Section 11.15 Termination of Grant Agreement

Unless otherwise terminated by the Secretary pursuant to Article VII of this Grant Agreement, or by the mutual consent of Recipient and the Secretary, this Grant Agreement shall terminate upon the completion of all close-out procedures respecting this grant and the final settlement and conclusion between Recipient and the Secretary of all issues arising out of this grant, unless otherwise provided in the close-out agreement between Recipient and the Secretary.
THIS GRANT AGREEMENT, numbered D-84-AA-25-0147 is hereby executed and delivered by the Parties hereto on the dates set forth below their respective signatures, as follows:

**THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT**

Date: **AUG 29 1984**

By: 

[Signature]

Deputy Assistant Secretary for Program Management
Office of Community Planning and Development

**THE CITY OF CAMBRIDGE, MASSACHUSETTS**

Date: 

By: 

[Signature]

Mr. Robert Brady
City Manager

**IMPORTANT**

One (1) fully executed copy of this Grant Agreement must be mailed to the Office of Urban Development Action Grants, and two (2) fully executed copies of this Grant Agreement must be mailed to the HUD Field Office Manager, in accordance with Section 11.01, on the same date executed by Recipient.
SUPPLEMENTARY PROVISIONS

Rider to Section 1.03(2). In addition to Recipient’s Application for Federal Assistance (SF 424), the “Application” shall include:

Letters dated:

(1) February 21, 1984 with attachments from Jim Campbell, Project Director, City of Cambridge to Irene Jenkins, HUD field office reviewer.


(3) March 6, 1984, with attachments from Jim Campbell to Rick Patoaksi, UDAG office reviewer.

(4) March 12, 1984, with attachments, from Jim Campbell to Rick Patoaksi.

(5) March 12, 1984, legal opinion from John Woffard, Esquire, to Rick Patoaksi regarding legal status of eminent domain taking.

(6) March 13, 1984 with attachments from Christopher Fleming, General Partner, Ten Canal Park Associates to David Sowell, UDAG Senior Development Officer.

(7) March 13, 1984 with attachment from Arnold Marcus, President of the Marcus Organization, Inc., to David Sowell.

(8) March 13, 1984 memo from Taol Ikobus & Associates, Architects, regarding status of Section 106 review process.

(9) March 15, 1984 from Arnold Marcus to David Sowell.

(10) March 16, 1984 legal opinion from John Woffard, Esquire, to Rick Patoaksi regarding city’s legal obligation for replacement parking for Lechmere Sales.

(11) March 19, 1984 from Frank Keefe, Massachusetts Executive Office for Administration and Finance to Robert Healy, Cambridge City Manager.

(12) March 19, 1984 legal opinion from Glenn Shealey, Esquire, to David Sowell regarding title to Webb Building.

(13) March 19, 1984 with attachments from Christopher Fleming to David Sowell.

(14) March 21, 1984 with attachments from Arnold Marcus to David Sowell.


(16) Telegram received by UDAG office on March 26, 1984 reconfirming project commitments of Ten Canal Park Associates, the Marcus Organization and City of Cambridge.

(17) Tri-Party Agreement between Ten Canal Park Associates, the Marcus Organization and City of Cambridge regarding project components.

(18) March 17, 1984 to Rick Patoaksi from John Woffard, Esquire, regarding Recipient’s responsibility for parking costs.
Recipient: City of Cambridge, Massachusetts  Grant Number: E-84-AA-25-0147

Continuation Sheet—Exhibit A

Plus any additional materials submitted since the date the Application was filed upon which the Secretary relied in making this award.

Rider to Section 1.03(12). The term "Participating Party" consists of the following persons, firms, corporations and entities:


"Webb Developer" or "Garage Developer" means First Street Associates, a New York limited partnership composed of Arnold Marcus, Varney J. Hintlian, Leean Lowin and William J. Catascosinos as general partners and Arnold Marcus as managing general partner.

"One Canal Developer" means Canal Park Associates, a New York limited partnership composed of Arnold Marcus, Varney J. Hintlian, Leean Lowin and William J. Catascosinos as general partners and Arnold Marcus as managing general partner.


"Webb Lender" and "One Canal Lender" means the Greater New York Savings Bank of New York, New York.


"Webb Guarantor" means First Street Associates.

"One Canal Guarantor" means Canal Park Associates.

"Commonwealth" means the Commonwealth of Massachusetts whose address is at the Executive Department, State House, Boston, Massachusetts 02133.

Rider to Section 1.03(13). The phrase "the UDAG percentage of" contained on the first line of paragraph (13) and the last sentence thereof are deleted in their entirety.

Rider to Section 1.03. (21) "Project Elements" mean:

(a) the Ten Canal Place Building containing approximately 100,000 square feet of rentable office space and 10,000 square feet of rentable retail space plus 40 ground level parking spaces;
(b) the One Canal Place Building containing approximately 90,000 square feet of rentable office space and 10,000 square feet of rentable retail space;

c) the Historic Webb Building containing approximately 180,000 square feet of fully renovated rentable office space and 20,000 square feet of fully renovated rentable retail space; and

d) Project parking consisting of 180 on-grade spaces in a new surface lot, 540 spaces in a new garage, and 130 spaces in the existing East Cambridge Garage.

Rider to Section 1.03. (22) "Project Site" means the Historic Webb Building and the Lechmere Canal Development parcels known as the Unihan, Memuries and parcel E (Canal Place) sites as more fully described in the UDAG Application and supporting documentation on site control.

Rider to Section 2.01. The amount of this UDAG grant is Four Million Nine Hundred Fifty Thousand Dollars ($4,905,000).

Rider to Sections 2.04, 9.01, 9.02 and 9.03. Any repayment or other payments received pursuant to Paragraph III (a)(3) of Exhibit E of this Grant Agreement and received prior to completion of the UDAG funded activities shall be used for reasonable Grant administration costs incurred by Recipient after Recipient has spent at least $121,750 from other source on project administration. All remaining funds shall be held in escrow pursuant to Section 2.04(a) of this Grant Agreement until completion of the UDAG funded Recipient Activities. All escrowed funds shall bear interest with the accounts insured by an agency of the U.S. Government. Upon completion of the UDAG funded Recipient Activities, any funds held in said escrow shall be spent for activities eligible under Title I of the Housing and Community Development
Act of 1974, as amended, and shall be spent in accordance with Part 570 of Title 24 Code of Federal Regulations. Any repayments received after completion of the UDAG funded Recipient Activities shall be deemed miscellaneous revenues and shall be spent for activities eligible under Title I of the Housing and Community Development Act of 1974, as amended, and shall not be governed by Part 570.

Rider to Section 5.01(8). Paragraph (8) shall be deleted in its entirety and the following shall be inserted in place thereof:

"(8) Recipient shall comply with the conflict of interest provision set forth in 24 CFR Section 570.611 (48 Federal Register 186, pp. 43571-72, 9/23/83)."

Rider to Sections 5.03 and 9.06. The jobs referenced at Section 5.03 and the assurances required at Section 9.06 shall aggregate:

Total New Permanent Jobs: 969
Total New Permanent Jobs for Low- and Moderate-Income Persons: 240
Total New Permanent Jobs for CNTA-Eligible Persons: 144
Total New Permanent Jobs for Minorities: 144
Job Requirements shall be completed within 36 months from the Date of Preliminary Approval.

Rider to Section 9.13 Conflict of Interest. Section 9.13 shall be deleted in its entirety and the following shall be inserted in place thereof:

"The Recipient shall include in all contracts with Participating Parties and in all contracts with any party involving the use of Grant Funds, a conflict of interest provision consistent with 24 CFR Section 570.611 (48 Federal Register 186, pp. 43571-72, 9/23/83)."
Rider to Section 11.01. The address of the Recipient for the purpose of communications relating to this Grant Agreement is:

Mr. Robert W. Healy
City Manager
City Hall
795 Massachusetts Avenue
Cambridge, Massachusetts 02138

Contact Person: Mr. Jim Campbell
Project Director
(617) 492-8034
EXHIBIT B

DESCRIPTION OF RECIPIENT ACTIVITIES

Rider to Section 1.03(17). The "Recipient Activities" shall consist of:

Recipient shall:

1. Acquire by eminent domain approximately 2.1 acres known as the Meurier Realty Trust parcel in Cambridge for approximately $2,000,000 of which $1,300,000 shall be State Funds and $700,000 shall be Recipient Funds and subdivide the parcels into Sites A and B as more fully described in the UDAG Application.

2. Lease Parking Site A to Garage Developer for a 99-year term at $1.00 per year for the development of a new garage parking facility for at least 540 vehicles. The spaces shall be allocated as follows:

   - 130 spaces will be for general public use;
   - 290 spaces will be for the exclusive use of tenants of the Webb Building, and
   - 120 spaces will be for the exclusive use of tenants of the Ten Canal Office Building.

3. Provide Garage Developer with a mortgage loan of up to $4,225,000 in Grant Funds for the construction and permanent financing of the garage development. The mortgage shall be secured by a lien on the new garage subordinate only to $1,600,000 in first mortgage equity financing or Developer's equity and a third mortgage on the Webb Building.

4. Develop Parking Site B as public surface parking for 180 vehicles at a cost of approximately $100,000 of Recipient funds and require that any future development on Site B be subject to the continued availability of 180 public parking spaces on Site B.

5. Provide the operator of Lechmere Sales with preferential use of 170 surface parking spaces on Site B at market rates in lieu of Recipient's obligation to provide replacement parking required by the eminent domain taking of Lechmere Sales' leasehold interest in the portion of the Meurier Realty Trust Parcel that is taken for this project.

(7) Convey title to Parcel C of the Lechmere Canal Park Project to One Canal Developer for the construction of the One Canal Place Building.

(8) Provide Webb Developer with a third mortgage loan of up to $680,000 in Grant Funds for the construction and permanent financing of the Webb Building renovations.

(9) Be responsible for all administrative costs associated with the administration of this Project, including providing at least $71,750 in City Funds and $50,000 in CDBG Funds for initial administrative costs.

All the aforesaid activities are for and in connection with the renovation of the Webb Building; the development of the One Canal Place Building, the development of Ten Canal Place Building; and the development of parking facilities as more particularly described in the UDAG Application.
DESCRIPTION OF NON-RECIPIENT ACTIVITIES

Rider to Section 1.03(11). The "Non-Recipient Activities" shall consist of:

A. Webb Building Renovation

1. Webb Developer shall acquire the Webb Building, assist in Webb Building tenant relocation and renovate the entire Webb Building into approximately 180,000 square feet of rentable office space and 20,000 square feet of rentable retail space at a cost of approximately $17,725,400 (excluding non-third party fees and initial operating losses) of which at least $3,745,400 shall be cash equity, up to $660,000 shall be a loan of Grant Funds and $2,300,000 shall be loan from the seller evidenced by a purchase money mortgage.

2. Webb Lender shall provide Webb Developer with up to $11,000,000 in construction and permanent financing for the Webb Building renovations.

3. Webb Guarantor shall guarantee completion of the Webb Building renovation and the repayment of the UDAG funded loan made for the Webb Building renovations.

B. One Canal Place Building Construction and Related Parking

1. One Canal Developer shall acquire parcel C from Recipient and construct the One Canal Park Building containing approximately 90,000 square feet of rentable office space and 10,000 square feet of rentable retail space at a cost of approximately $11,328,400 (excluding non-third party fees and initial operating losses) of which at least $328,400 shall be cash equity.

2. One Canal Developer shall enter into a long term lease with Recipient for 130 parking spaces within the East Cambridge Parking Facility for the exclusive use of One Canal Park Building tenants.

3. One Canal Lender shall provide One Canal Developer with up to $11,000,000 in construction and permanent financing for the One Canal Park Building.
(4) One Canal Guarantor shall guarantee completion of the One Canal Park Building.

C. Ten Canal Place Building Construction and Related Parking

(1) Ten Canal Developer shall acquire the Ten Canal Building Site (also known as the Unihab site) and construct the Ten Canal Building containing approximately 100,000 square feet of rentable office space, 10,000 square feet of rentable retail space and 40 ground level parking spaces at a cost of approximately $15,856,783 (excluding non-third party fees and working capital) of which at least $1,500,000 shall be cash equity.

(2) Ten Canal Lender shall provide Ten Canal Developer with $1,500,000 in acquisition financing through a sales/lease back transaction and $11,500,000 in construction and permanent financing for the Ten Canal Park Building.

(3) Ten Canal Developer shall enter into a long term lease with Garage Developer for 120 parking spaces within the newly constructed 540-space parking garage on the Parking Site A for the exclusive use of Ten Canal Park Building tenants.

(4) Ten Canal Guarantor shall guarantee completion of the Ten Canal Park Building.

D. New 540-space Parking Garage

(1) Garage Developer shall enter into a 99-year lease with Recipient for Parking Site A and shall construct a parking garage for 540 vehicles of which 130 spaces will be for general public use, 120 spaces for exclusive use of Ten Canal Park Building tenants and 290 spaces for exclusive use of Webb Building tenants at a cost of approximately $5,825,000 (excluding non-third party fees, site acquisition, surface parking, and initial operating losses) of which $4,225,000 will be a loan of Grant Funds, and at least $1,500,000 shall be either Developer's equity or first mortgage financing, or a combination thereof.
(2) Garage Developer shall own and operate the newly constructed parking garage on Parking Site A of which at least 130 spaces will be available to the general public at market rates.

(3) Garage Developer shall enter into a long term lease with Ten Canal Developer for 120 parking spaces within the newly constructed parking garage on Parking Site A for the exclusive use of Ten Canal Park Building tenants.

(4) Commonwealth shall provide $1,300,000 in Commonwealth Funds for acquisition of the Messurier Realty Trust parcel, which is the site of the parking garage to be developed by Garage Developer and the site of the surface parking lot developed by Recipient.
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<tr>
<th>Line Item Activity</th>
<th>SOURCES OF FUNDS</th>
<th>TOTAL COSTS</th>
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<td>n. Profit &amp; Overhead (not counted in leverage ratio)</td>
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<td>t. Plus: Discounted value of other public loan repayments</td>
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<td>+0-</td>
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<tr>
<td>u. Plus: Present value of lease payments</td>
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<td>+0-</td>
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<tr>
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Discount Rate: 10%
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<td>j.</td>
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<tr>
<td>k. Capital Equipment</td>
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<tr>
<td>l. Equipment not counted in leverage ratio</td>
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<tr>
<td>m. Working Capital (not counted in leverage ratio)</td>
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</tr>
<tr>
<td>n. Profit &amp; Overhead (not counted in leverage ratio)</td>
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<td>$17,725,400</td>
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<td>-1,600,000</td>
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<td></td>
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<td>+</td>
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<td>t. Plus: Discounted value of other public loan repayments</td>
<td>+ -0-</td>
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<tr>
<td>u. Plus: Present value of lease payments</td>
<td>+ -0-</td>
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<tr>
<td>v. Totals used in computing leverage ratio</td>
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<td>$9,145,000</td>
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Discount Rate: 10%
Excluded from Private: $6,300,000 - Acquisition
$1,600,000 - Tenant Finish

Page 2 of 5
## Exhibit D

### One Canal Park

**Project Budget - Summary of Projected Expenditures**

<table>
<thead>
<tr>
<th>USE OF FUNDS</th>
<th>SOURCES OF FUNDS</th>
<th>TOTAL COSTS</th>
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</thead>
<tbody>
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<td>Line Item Activity</td>
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<td>d. Financing Fees (includes syndication placement)</td>
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<td>e. Interim Costs</td>
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<tr>
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</tr>
<tr>
<td>j.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. Capital Equipment</td>
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<td></td>
</tr>
<tr>
<td>l. Equipment not counted in leverage ratio</td>
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<td></td>
</tr>
<tr>
<td>m. Working Capital (not counted in leverage ratio)</td>
<td></td>
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</tr>
<tr>
<td>n. Profit &amp; Overhead (not counted in leverage ratio)</td>
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<tr>
<td>o. TOTAL PROJECT COST</td>
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<td>q. Less: items not counted in leverage ratio (lines a. and e.)</td>
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<td>t. Plus: Discounted value of other public loan repayments</td>
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<td>-</td>
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<tr>
<td>v. Totals used in computing leverage ratio</td>
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</tr>
</tbody>
</table>

Discount Rate: 10%

Excluded from Private: $1,200,000 - Tenant Finish
## USE OF FUNDS

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<td>j.</td>
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<tr>
<td>k. Capital Equipment</td>
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<tr>
<td>l. Equipment not counted in leverage ratio</td>
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</tr>
<tr>
<td>m. Working Capital (not counted in leverage ratio)(initial operating loss coverage)</td>
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<td>n. Profit &amp; Overhead (not counted in leverage ratio)</td>
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<td>s. Plus: Discounted value of UDAF loan repayment</td>
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<td>t. Plus: Discounted value of other public loan repayments</td>
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<td>u. Plus: Present value of lease payments</td>
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</tr>
<tr>
<td>v. Totals used in computing leverage ratio</td>
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Discount Rate: 10%
Excluded from Private:
$1,500,000 - Acquisition
$1,015,000 - Tenant Finish
$643,217 - Working Capital

EXHIBIT D
# Project Budget - Summary of Projected Expenditures

<table>
<thead>
<tr>
<th>USE OF FUNDS</th>
<th>SOURCES OF FUNDS</th>
<th>TOTAL COSTS</th>
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<td>Line Item Activity</td>
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<td>Private Funds</td>
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<td>c. Surface Lot Construction</td>
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<tr>
<td>j.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. Capital Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>l. Equipment not counted in leverage ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>m. Working Capital (not counted in leverage ratio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>n. Profit &amp; Overhead (not counted in leverage ratio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o. TOTAL PROJECT COST</td>
<td>$4,225,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>p. Recipient administrative costs reimbursed from UDAF funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>q. Less: items not counted in leverage ratio (lines l. - n.)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>r. Total private investment to be reported on QRA's (&quot;countable private&quot;)</td>
<td>1,600,000</td>
<td></td>
</tr>
<tr>
<td>s. Plus: Discounted value of UDAF loan repayment</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>t. Plus: Discounted value of other public loan repayments</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>u. Plus: Present value of lease payments</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>v. Totals used in computing leverage ratio</td>
<td>$4,225,000</td>
<td>$1,600,000</td>
</tr>
</tbody>
</table>

Discount Rate: 10%
EXHIBIT E

REQUIRED EVIDENTIARY MATERIALS

The evidentiary materials to be submitted by the Recipient for the approval of the Secretary shall include the applicable provisions of Article IX of this Grant Agreement and shall consist of the following:

I

(a) All governmental approvals and permits necessary for the commencement of the Recipient and Non-Recipient Activities shall have been obtained for all Project Elements.

(b) Evidence of this commitment shall be a written certification from Recipient, signed by the chief executive officer, in accordance with Section 10.02 of this Grant Agreement, that all such governmental approvals and permits have been obtained.

II

(a) Title to all land necessary for the Project, except land to be acquired with Grant Funds, shall be held by Recipient or the appropriate Participating Party.

(b) Evidence of this commitment shall be in accordance with Section 10.10 of this Grant Agreement.

III

(a) Recipient and Webb Developer, One Canal Developer, Ten Canal Developer and Garage Developer shall enter into an agreement which shall contain provisions consistent with the following:

1. Recipient shall agree to carry-out all Recipient Activities set forth in Exhibit B to this Grant Agreement.

2. Developers shall agree to carry-out all Non-Recipient Activities ascribed to each Developer in Exhibit C to this Grant Agreement.

The agreement shall set forth the scope of the work, its location, and the obligation of Developer to invest not less than the following countable private funds in the Project (excluding acquisition of Webb Building, acquisition of Tenal Canal Site, non-third party fees, allowances for tenant finishes and initial operating losses):
Webb Developer $9,145,400
One Canal Developer 10,128,400
Ten Canal Developer 11,305,616
Garage Developer 1,600,000
$32,179,416*

(*See Exhibit D for project budgets)

(3) Recipient shall be obligated to make a loan to Webb Developer and Garage Developer of not more than $4,905,000 in Grant Funds of which not more than $680,000 shall be used for Webb Building renovation costs and not more than $4,225,000 shall be used for construction costs associated with the newly constructed 540 space garage on Parking Site A. The terms and conditions of the UDAG Loan shall be consistent with the following:

(i) UDAG Interim Loans

(aa) Principal - The principal amount of the Interim Loan shall be no more than $4,905,000, with no more than $680,000 to Webb Developer and $4,225,000 to Garage Developer.

(bb) Interest - The interest rate shall be 2% per annum. Interest shall be computed and paid monthly on all loan disbursements.

(cc) Disbursement/Ratio - Loan disbursements shall be based on vouchers submitted by the respective Developer, verified by Recipient, and certified by the architect, construction manager, or other certifying official as shall be acceptable to Recipient. All submissions by contractors of monthly requisitions shall be on AIA Forms 702 and 703 or their equivalent.

No disbursement of the UDAG Loans shall be made until:

(I) Developers have furnished Recipient with the following:

(a) an AIA policy for mortgage title insurance, in the full amount of the UDAG Loan, insuring that Recipient will be the holder of a third mortgage lien on the Webb Building, free of encumbrances and other exceptions to title other than those approved in advance by Recipient, and not subordinated to any interest except the first
mortgage in an amount not to exceed $11,000,000 plus further advances by the
Lender which are invested in the Webb Project and are required for its
completion and a second purchase money mortgage not to exceed $2,500,000; and
(b) an ALTA policy for mortgage title
insurance for the $4,225,000 UDAG Loan, insuring that Recipient will be the
holder of a second mortgage lien on the heretofore described security, free of
encumbrances and other exceptions to title other than those approved in
advance by Recipient, and not subordinated to any interest except the equity
and/or first mortgage in an amount not to exceed $1,600,000 plus further
advances by the Lender or Garage Developer which are invested in the Project
and are required for its completion; and
(c) a Builder's Risk and Fire Insurance policy
or policies duly endorsed to indicate Recipient as an insured mortgagee; and
(II) All of the evidentiary materials required by
this Exhibit E have been submitted to and approved by the Secretary and the
Secretary has authorized Recipient to draw down such funds from its Letter of
Credit.

After Webb Developer has expended equity funds of $3,745,000, UDAG Funds
may be drawn down for Webb Building renovation cost in a ratio to countable
private funds of not more than $1.00 of UDAG Funds to $13.45 of countable
private funds; thus for every $14.45 of funds expended on the Webb Building
Renovation (including the required cash equity contribution) not more than
$1.00 will be UDAG Funds and not less than $13.45 will be countable private
funds. Countable private funds for drawdown of UDAG funds for the Webb
Project loan shall include only private funds spent on the Webb Project and
shall exclude acquisition, non-third party fees, allowances for tenant
finishes, and initial operating losses.

After Recipient has completed surface parking for 180 cars on Parking
Site B and Garage Developer has expended equity funds of $1,600,000 on the
acquisition of Parking Site A and Parking Garage construction, UDAG Funds in
the amount of up to $4,225,000 may be drawn down for construction of the new
parking garage in a ratio to countable private funds of not more than $1.00 of
UDAG Funds to $7.75 of countable private funds; thus for every $8.75 of funds
expended on the entire Lechmere Canal Office Park (including the Webb
Building, the Ten Canal Place Building, the One Canal Park Building, and the
Parking Garage) not more than $1.00 will be UDAG Funds and not less than $7.75
will be countable private funds.

(ii) UDAG Permanent Loans –

(aa) Term – Term of the UDAG Permanent Loans shall be 10
years commencing upon completion of the respective construction, but in no
event later than January 1, 1986.

(bb) Principal – The principal of the UDAG Permanent Loan
shall be the amount disbursed under each of the UDAG Interim Loans.

(cc) Interest – The interest rate shall be 2% per annum.

(dd) Repayment – Repayment of principal and interest
shall be made in monthly installments in accordance with a 25-year
amortization schedule during the Term of the UDAG Permanent Loans, and a
balloon payment sufficient to pay off the entire outstanding indebtedness of
principal shall be made at maturity of the UDAG Permanent Loans.

(ee) Contingent Interest – The UDAG Permanent Loan to
Webb Developer shall provide that Webb Developer shall pay Recipient 10% of
the Annual Cash Flow of the Webb Project less a preferred return of 10% on
Webb Developer's equity (including cumulative operating loss coverage) and
operating expenses (including a management fee not to exceed 4% of operating
income) allowable for Federal income tax purposes, excluding reserves for
capital improvements, depreciation and other non-cash items. Participation
payments shall be due within 90 days of the end of the operating year of the
Project. Full repayment of all outstanding principal balance of the UDAG
loans (including the garage development loan to Garage Developer) will
eliminate participation in cash flow.

(iii) Reduction of UDAG Garage Loan – In the event that (1) Ten
Canal Developer and Garage Developer fail to enter into a long term lease
agreement as specified in paragraph (ix) below for 120 parking spaces in the
newly constructed garage and (2) Ten Canal Place Building construction does
not commence by September 15, 1984, the authorization to draw down $940,000 in Grant Funds for the garage loan shall be terminated and the number of parking spaces in the garage may be reduced at the Garage Developer's option without Recipient's approval by up to 120 spaces.

(iv) Security - The UDAG Loans shall be secured by a deed of trust or mortgages in favor of Recipient upon all land, buildings, fixtures, equipment and other assets of the developer comprising the Webb Building and Garage Project. The security position of the Recipient may be subordinated to the first mortgage security interest of the Webb Lender in an amount not to exceed $11,000,000 plus further advances by the Lender which are invested in the Webb Project and are required for its completion, a second purchase money mortgage on the Webb building not to exceed $2,300,000 and an equity interest and/or chattel mortgage on the Garage not to exceed $1,600,000 plus further advances by the Garage Developer and/or a mortgage lender which are invested in the Garage Project.

The deeds of trust or mortgages shall also contain standard provisions to protect the interest of a subordinate mortgagee, including, for example, a provision that a default under the first mortgage which could permit a foreclosure by the first mortgagee shall constitute a default under UDAG mortgage and the unpaid principal balance and interest of the UDAG Loan shall become immediately due and payable.

The deed of trust or mortgage shall not contain an exculpation clause in favor of Developers.

To the extent permitted by law, all of the personal property described in the mortgage shall be deemed to be fixtures and part of the real property. As to any part of such personal property not deemed or permitted by law to be fixtures, the mortgage shall constitute a security agreement under the Uniform Commercial Code.

(v) Participation in Sale or Refinancing - Webb Developer shall pay to Recipient 10% of the Net Proceeds from any sale or disposition in whole or part of the Webb Project or from any second or subsequent syndication or from any refinancing, except refinancing allowed pursuant to a call and/or EXHIBIT E
takeout provision in the first mortgage where the first mortgage amount does not increase. "Net Proceeds" shall be defined as all proceeds received less (1) repayment of the first mortgage (if applicable), (2) repayment of the UDAG Loan, (3) Developer's documented reasonable costs of sale or refinancing, and (4) repayment of documented Webb Developer equity contributed to the Webb Building Project, including cash invested to cover operating losses and improvements. Full repayment of all outstanding principal balance of the UDAG loans will eliminate participation in residuals from any sale or refinancing provided that said sale or refinancing does not take place within a 12-month period commencing upon the date of full repayment.

(vi) Prepayment - Prepayment may occur at any time without penalty.

(vii) Annual Accounting - Webb Developer shall deliver a statement to Recipient from an independent Certified Public Accountant, within 90 days of the close of each operating year during the Term of the UDAG Permanent Loan, certifying:

(1) Operating Income and receipts of the Webb Project;
(2) Operating Expenses;
(3) Net Annual Cash Flow;
(4) Developer equity;
(5) Net Proceeds, if applicable; and
(6) The amount of participation in Net Annual Cash Flow and Net Proceeds due Recipient.

(viii) Tenants exclusive spaces - Garage Developer and Ten Canal Developer shall enter into a long term lease for 120 parking spaces within the newly constructed parking garage on Parking Site A for the exclusive use of Ten Canal Park Building tenants.

(4) All applicable terms and conditions of this Grant Agreement, including Article IX provisions and job assurances specified in Sections 5.03 and 9.06 shall be set forth in the agreement.
(5) The agreement shall specify a timeframe for performance consistent with Exhibit F of this Grant Agreement.

(6) During the term of this Grant Agreement, all Developers shall agree to provide necessary data and information as to private investment and jobs relating to this Grant Agreement. The form of quarterly documentation from Developers on progress made on non-Recipient activities, level of private investment, and new jobs provided shall be specified.

(b) Evidence of this commitment shall be in accordance with Section 10.04 of this Grant Agreement together with copies of the forms of all UDAAP Loan documents to be used at closing.

IV

(a) Recipient's attorney or an acceptable banking institution shall certify that cash or liquid assets of not less than $3,745,000 are available or irrevocably committed to Webb Developer and are sufficient to complete the Webb Project. Such certification shall identify the kinds of assets and the nature of the irrevocable commitment.

(b) Evidence of this commitment shall be in accordance with Sections 10.07 or 10.08 of this Grant Agreement.

V

(a) Webb Lender shall lend $11,000,000 to Webb Developer for financing the Project.

(b) Evidence of this commitment shall be in accordance with Section 10.06 of this Grant Agreement.

VI

(a) Recipient's attorney or an acceptable banking institution shall certify that cash or liquid assets of not less than $328,400 are available or irrevocably committed to One Canal Developer and are sufficient to complete the One Canal Building Project. Such certification shall identify the kinds of assets and the nature of the irrevocable commitment.

(b) Evidence of this commitment shall be in accordance with Sections 10.07 or 10.08 of this Grant Agreement.
(a) One Canal Lender shall lend $11,000,000 to One Canal Developer for financing the One Canal Project.

(b) Evidence of this commitment shall be in accordance with Section 10.06 of this Grant Agreement.

VIII

(a) Recipient’s attorney or an acceptable banking institution shall certify that cash or liquid assets of not less than $1,500,000 are available or irrevocably committed to Ten Canal Developer and are sufficient to complete the Ten Canal Project. Such certification shall identify the kinds of assets and the nature of the irrevocable commitment.

(b) Evidence of this commitment shall be in accordance with Sections 10.07 or 10.08 of this Grant Agreement.

IX

(a) Ten Canal Lender or substitute lender shall lend $13,000,000 to Ten Canal Developer for financing the Ten Canal Project.

(b) Evidence of this commitment shall be in accordance with Section 10.06 of this Grant Agreement.

X

(a) Recipient’s attorney or an acceptable banking institution shall certify that cash or liquid assets of not less than $1,600,000 are available or irrevocably committed to Garage Developer and are sufficient to complete the Garage Project. Such certification shall identify the kinds of assets and the nature of the irrevocable commitment.

(b) Evidence of this commitment shall be in accordance with Sections 10.07 or 10.08 of this Grant Agreement.

XI

(a) Webb Guarantor shall irrevocably and unconditionally guarantee the repayment of the UDAG Interim/Permanent Loan and the completion of the Webb Building renovation and new Parking Garage Projects within the timeframe hereafter set forth in Exhibit F to this Grant Agreement.
(b) Evidence of this commitment shall be in accordance with Section 10.04 of this Grant Agreement.

XII

(a) Ten Canal Guarantor shall irrevocably and unconditionally guarantee the completion of the Ten Canal Project within the timeframe hereafter set forth in Exhibit F to this Grant Agreement.

(b) Evidence of this commitment shall be in accordance with Section 10.04 of this Grant Agreement.

XIII

(a) The Commonwealth shall provide a grant of $1,300,000 to Recipient in accordance with provisions of Chapter 487 of the Acts of 1980, as amended, to assist in the acquisition of the 2.1-acre parking site for the development of at least 720 parking spaces.

(b) Evidence of this commitment shall be in accordance with Section 10.04 of this Grant Agreement or a certification from the Chief Executive Officer of Recipient that the funds of the Grant from Commonwealth have been received and are available for the Project.

XIV

(a) Recipient's attorney shall certify that Recipient has on hand or irrevocably committed to it $921,750 in addition to $1,300,000 in Commonwealth off street parking grant funds to carry out the Recipient Activities in Paragraphs I, IV and IX of Exhibit F to this Grant Agreement.

(b) Evidence of this commitment shall be in accordance with Section 10.03 of this Grant Agreement.

XV

(a) Recipient shall submit a management plan and budget for the monitoring of their Grant which shall be acceptable to the HUD Boston Office.

(b) Evidence of this commitment shall be in the form of the management plan and budget for the monitoring of this Grant with a signed approval from the Director of the Community Planning and Development Division of the HUD Boston Office and certified by the Chief Executive Officer of Recipient.
(a) Garage Developer and Tenant Canal Developer shall enter into a long term lease for 120 parking spaces in the 540-space Parking Garage. The terms and conditions of which shall be consistent with the following:

1. Premises - 120 spaces.
2. Term - Five years, with 17 options to renew for additional terms of five years each.
3. Rent - Approximately $113/space per month with appropriate rental escalators.

(b) Evidence of this commitment shall be in accordance with Section 10.04 of this Grant Agreement.
EXHIBIT P
PROJECT PERFORMANCE SCHEDULE

I

(a) The Evidentiary Materials described in Exhibit E of this Grant Agreement must be submitted to the Secretary by Recipient not later than October 30, 1984.

(b) Upon notification to Recipient of the approval by the Secretary of the Evidentiary Materials required by subparagraph (a) above, Recipient shall be authorized to draw down Grant Funds in accordance with Paragraph III (a)(3) of Exhibit E of this Grant Agreement for Eligible Costs consistent with Letter of Credit procedures and the provisions of this Grant Agreement.

II

The Recipient and Non-Recipient Activities shall be commenced and completed in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Commencement Date</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Webb Building</td>
<td>September 15, 1984</td>
<td>September 15, 1984</td>
</tr>
<tr>
<td>One Canal</td>
<td>September 15, 1984</td>
<td>September 15, 1984</td>
</tr>
<tr>
<td>Ten Canal</td>
<td>September 15, 1984</td>
<td>September 15, 1984</td>
</tr>
<tr>
<td>2.1 Acre Parking Site</td>
<td>September 1, 1984</td>
<td>September 1, 1984</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Webb Building Renovations</td>
<td>September 15, 1984</td>
<td>September 15, 1985</td>
</tr>
<tr>
<td>One Canal Place Building</td>
<td>October 1, 1984</td>
<td>November 1, 1985</td>
</tr>
<tr>
<td>Ten Canal Place Building</td>
<td>September 15, 1984</td>
<td>October 15, 1985</td>
</tr>
<tr>
<td>Surface Parking</td>
<td>September 15, 1984</td>
<td>November 1, 1984</td>
</tr>
<tr>
<td>New Parking Garage</td>
<td>November 1, 1984</td>
<td>November 1, 1985</td>
</tr>
</tbody>
</table>

III

The Webb Building, One Canal Building, and Ten Canal Building are speculative projects and the commitments the Department received to undertake these projects were not conditioned on any preleasing. Notwithstanding any provision to the contrary herein, the Secretary shall have the right to terminate or reduce this grant in the event the schedule contained in this Exhibit F is not complied with by the Recipient or any Participating Party regardless of cause.