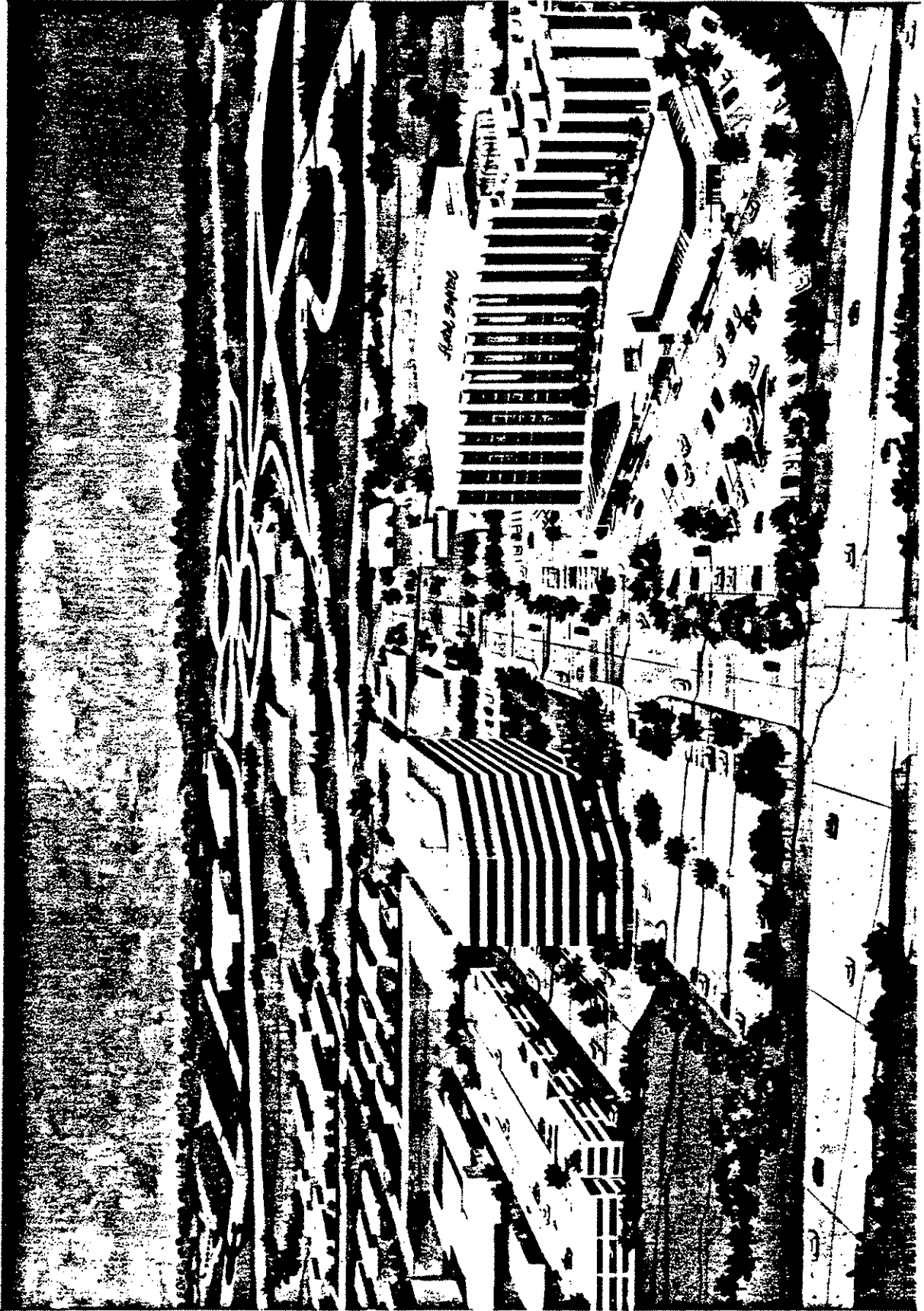


O'HARE OFFICE BUILDING
ROSEMONT, ILLINOIS

Piedmont Realty Advisors
650 California Street
Thirty First Floor
San Francisco, California 94108
(415) 433-4100



HOTEL SOFITEL - O'HARE
FIFIELD DEVELOPMENT CORPORATION

LIST OF SECTIONS

- I. Introduction
- II. The Property
- III. The Market Overview
- IV. The Borrower/Development Team
- V. The Return and Risk

Appendix

- A. Outline Specifications

I. INTRODUCTION

September 11, 1984

&name&
&title/o&
&company&
&street&
&city&, &state& &zip&

Dear &name1&:

Enclosed for your review is an Investment Report on the O'Hare Office Building to be developed by the Fifield Company. The 205,276 square foot, nine-story office building will be constructed in conjunction with the Hotel Sofitel in the O'Hare Airport area of Chicago, Illinois. Piedmont Realty Advisors intends to review the recommendations outlined in this report with the Real Estate Investment Committee on September 28th, 1984. A summary of the proposed investment structure is shown as Exhibit I-1.

Introduction - Piedmont Realty Advisors has been actively working in the Chicago metropolitan area since 1982. We currently manage six real estate assets with a combined market value in excess of \$70 million within the SMSA. As a result of our presence in the Chicago area we have developed a comprehensive network of contacts, checks and balances and sources for investment grade real estate during this period.

The Property - The subject site is located at one of two, four-way freeway intersections in the O'Hare area - River Road (the other is Cumberland Avenue, one mile to the east). The subject site is also located one block south of the River Road Station of the Chicago/O'Hare spur of the Rapid Transit System which was completed in 1982. The O'Hare office building will have excellent access to both clerical employees and executives. It also has the benefit of being adjacent to the largest concentration of first class hotel rooms in suburban Chicago.

&name&

September 11, 1984

Page Two

The design of the subject building has been successfully marketed in the Schaumburg area (a major Chicago suburban office market). The subject building's floor sizes and bay depths are consistent with the space requirements of tenants currently occupying space in the O'Hare office market. The O'Hare office building will be the first high rise office building constructed at the River Road Intersection on the Kennedy Expressway. The buildings to the west and south are one story industrial and may detract from tenant views on the lower floors. These marginal views may not be a significant leasing risk. Buildings located at the Cumberland Avenue office concentration have leased well despite the presence of a solid wall of six flat apartments immediately south of Cumberland's commercial core.

In conclusion, the O'Hare office building is a well conceived, well located real estate development. There are very few identifiable risks relative to the site and the building design.

The Market - The O'Hare office market is anchored by development at the Cumberland Avenue four-way intersection on the Kennedy Expressway. Since 1978 Cumberland's President's Plaza and Citicorp Plaza have added over 1.3 million square feet of space with 1.1 million square feet or 85% of that space occupied at this time. President's Plaza III which is under construction will add 600,000 square feet to the market by 1985. There is one remaining development parcel in the Cumberland Avenue area which can support almost one million square feet of space. However, the Cumberland area currently has a serious traffic problem. Ingress and egress for the Cumberland Avenue office concentration is via a forty-five foot wide two-lane, signal controlled intersection. The office tenants of the Cumberland Avenue area share this access with the residents of approximately 1000 rental units located directly south of the office concentration. The traffic situation should reach the unreasonable stage when President's Plaza III is leased and occupied.

&name&

September 11, 1984

Page Three

The O'Hare office market has a glut of office space currently available. Piedmont estimates that space available in existing buildings and buildings currently under construction represents a two year supply. But unlike Chicago's other suburban markets where an abundant supply of land contributes to an ongoing oversupply, the O'Hare market has a limited supply of developable parcels. Only one of these parcels has a chance of supporting significant office development prior to the end of 1986.

While the River Road location is untested for office development, it contains the highest concentration of first class hotel rooms in suburban Chicago. Piedmont believes that the quality of the subject building and the area amenities should enable development to be very competitive in a relatively healthy office market in late 1985 and early 1986. The O'Hare Office Building should compete effectively with the Cumberland Avenue buildings and surrounding development.

Within this market context, we believe that the Fifield organization has established realistic rental rates and has incorporated adequate tenant concession packages and lease up time frames into the reserve portion of their budget. Piedmont believes that the size of the budget reserve is adequate enough to insulate the lender and borrower from unanticipated market swings.

The Borrower - Piedmont was introduced to Steve Fifield in early 1983 when he was President of Fifield, Palmer and Company. He had just completed the development and sale of 101 North Wacker (638,000 square feet) and 200 North LaSalle (680,000 square feet). Both transactions were among the largest in the history of Chicago real estate. Since leaving Fifield, Palmer and Company, he has built a strong company capable of handling a project from its inception to its ongoing operation. We believe that the Fifield organization will eventually be national in its development scope and that the Fifield Company would be a highly desirable client of USF&G.

&name&

September 11, 1984

Page Four

The Risk/Return - Piedmont believes that the current structure of the proposed participating mortgage represents the most secure form of partnership that USF&G can establish with the Fifield organization. We also believe that the estimated yield of 15.3% (9.3% real rate) is well within the target range of yields anticipated by financial institutions with competing forms of participating investments. We therefore recommend that USF&G issue a permanent loan commitment for the O'Hare office building in Rosemont, Illinois.

If you have any questions, please feel free to call Dan Kohlhepp or myself.

Sincerely,



Stephen L. Grant
Vice President

SLG/jt

Fifield

Exhibit I-1

Fifield Development Corp.

Three First National Plaza, Suite 5660
Chicago, Illinois 60602 (312) 855-1600

June 13, 1984

Mr. Robert A. Zerbst
President
Piedmont Realty Advisors
650 California Street
San Francisco, California 94108

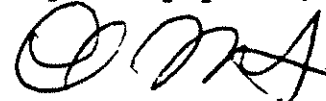
Re: Financing Application
O'Hare Office Building
Rosemont, Illinois

Dear Bob:

The attached application for financing is accepted subject to the following modifications.

1. The borrower will be an Illinois Land Trust the beneficiary of which will be Columbia Associates an Illinois Limited Partnership whose general partner is Fifield Companies Ltd. whose general partners are Steven D. Fifield and Erik Moskowitz.
2. Under additional interests on page 2 the following language should be added to paragraph "A - Operations": the annualized gross income at the end of thirty months shall be adjusted to reflect a 95% leased building.
3. Paragraph C entitled "Economic Holdback" under the Holdback Section on page 3 shall be amended as follows: the gross income collected shall be that income reflected by signed leases by tenants in rent paying occupancy except at the end of thirty months the gross income shall be that reflected by all executed leases. Such income shall be annualized.
4. The paragraph entitled "D. Hotel" on page 3 shall be restated as follows: the funding of the commitment at base building completion shall be conditioned on the initiation of the adjacent hotel construction.

Very truly yours,



Erik Moskowitz
President

EM/nt

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET
THIRTY-FIRST FLOOR
SAN FRANCISCO, CALIFORNIA 94108
415-433-4100

July 10, 1984

Mr. Steven J. Lee
BA Mortgage of Chicago
55 Monroe Street, Suite 2330
Chicago, Illinois 60603

RE: First Mortgage Financing #026
O'Hare Office Building
Des Plaines/River Road
Rosemount, Illinois

Dear Steve:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a commitment for a participating first mortgage on the above captioned property subject to the following terms and conditions described in this letter.

Property:	<u>O'Hare Office Building</u> - 198,260 rentable square feet of office space and 277 space parking garage.
Location:	Southwest corner of Des Plaines/River Road and Bryn Mawr Avenue, Rosemount, Illinois.
Land Area:	3.44 acres
Borrower:	Fifield & Company
Lender:	United States Fidelity & Guaranty Company.
Loan Amount:	\$ 24,500,000.00
Interest Rate:	11.625%
Term:	15 years.

Mr. Steven J. Lee
June 1, 1984
Page Three

Initial Funding: \$ 18,457,750

Holdbacks:

- A. Tenant Improvements: \$2,478,250; disbursed for actual cost not to exceed \$12.50 per square foot of rentable area as space is leased and tenant improvements are completed.
- B. Leasing Commissions: \$1,114,000; disbursed as commissions are paid not to exceed \$5.62 per square foot of rentable area.
- C. Economic Holdback: \$2,450,000; disbursed at a rate of \$.648 per \$1.00 of gross income collected in excess of \$2,100,000 until such income reaches \$3,360,000. Thereafter, any remaining holdback will be disbursed at a rate of \$1.944 per additional \$1.00 of gross income collected. Borrower has 30 months after initial funding to earn out the economic holdback.

Contingencies:

- A. Engineering: The commitment will be contingent on the Lender receiving an engineering report approving the plans, specifications and corresponding construction.
- B. Leases: The Lender reserves the right to approve all leases subject to agreed leasing standards.
- C. Market Value Appraisal: The commitment will be contingent upon the Lender receiving a market value estimate of the property from an MAI designated appraiser which is not less than \$30,000,000.
- D. Hotel: The commitment will be contingent on the simultaneous development of the hotel as presented in the borrower's package.

II.

THE PROPERTY

II. THE PROPERTY

1. Introduction

a. Location

The O'Hare Office Building is located in the Village of Rosemont, a suburb three miles east of Chicago's O'Hare International Airport and 15 miles from the downtown Loop. (See Exhibit II-1). The proposed nine-story structure will contain 205,276 square feet of net rentable area. In the neighborhood surrounding the site there is a significant concentration of hotels, convention facilities and corporate headquarters. The site is immediately east of the intersections of the Tri-State Tollway (I-294), the Northwest Tollway/Kennedy Expressway (I-90) and I-190. Specifically, the parcel is located at the southeast corner of Des Plaines River Road and Bryn Mawr Road. (See Exhibits II-2 and II-3).

b. Accessibility

The O'Hare Office Building will have excellent visibility from and accessibility to I-294 and I-90. (See Exhibit II-3). National and international accessibility is provided by the O'Hare International Airport which is the world's busiest airport. The airport facilities are currently being improved through a 10 year, \$1 billion capital improvement program.

Immediately north of the site is the River Road Station of the Chicago Rapid Transit Spur which provides rail service between downtown Chicago and the O'Hare Airport.

The subject office building will have excellent accessibility to all of the Chicago area's major suburban office concentrations as well as the downtown area. Oak Brook office market (6.5 million square feet) is 15 minutes to the south; Naperville (5.5 million square feet) and the East/West Tollway research corridor is 25 minutes to the southwest; Woodfield/Schaumburg (9.3 million square feet) is 15 minutes to the northwest; and the north suburban office market (6.1 million square feet) is 20 minutes to the north.

c. Adjacent Land Uses

Immediately east of the subject property is the 1100 room Hyatt Regency-O'Hare Convention Hotel, the largest suburban hotel in Chicago. (See Exhibit II-4). Adjacent to the Hyatt is the 350,000 square foot O'Hare International Exposition Center, a free span convention hall utilized as a convention and seminar center. To the north is the new 534 room Westin-O'Hare Hotel which was completed in January 1984. Southeast of the Hyatt along the Kennedy Expressway is the Des Plaines River Forest Preserve, and over 2.5

million square feet of multi-tenant office space and corporate headquarters at Cumberland Avenue. To the west and south of the site are several multi-tenant single story industrial and commercial facilities as well as additional hotels and residential areas. The subject site is one of the few remaining developable parcels in the O'Hare Office sub-market.

The Hotel Sofitel-O'Hare will be adjacent to the subject office building on the North and will be part of the overall Fifield development concept. Hotel Sofitel will be Chicago's first French hotel offering high quality guest accommodations and a country French decor along with two French restaurants, meeting facilities, banquet hall, pool and workout facilities. This hotel is scheduled to be under construction in late 1984 with completion in mid-1986. The Hotel Sofitel will contain 305 rooms in a 10-story wide angle "L" structure. The conference and meeting room facilities will consist of a 7,000 square foot main ballroom and a 2,000 square foot pre-function area located on the first floor. These facilities will seat up to 450 people comfortably. The second level will contain 10 executive meeting rooms ranging in size from 430 square feet to 1100 square feet. The hotel will be a complimentary amenity for the office development. Consequently, the proposed office financing is conditional upon the simultaneous development of the Hotel Sofitel.

2. Property Profile

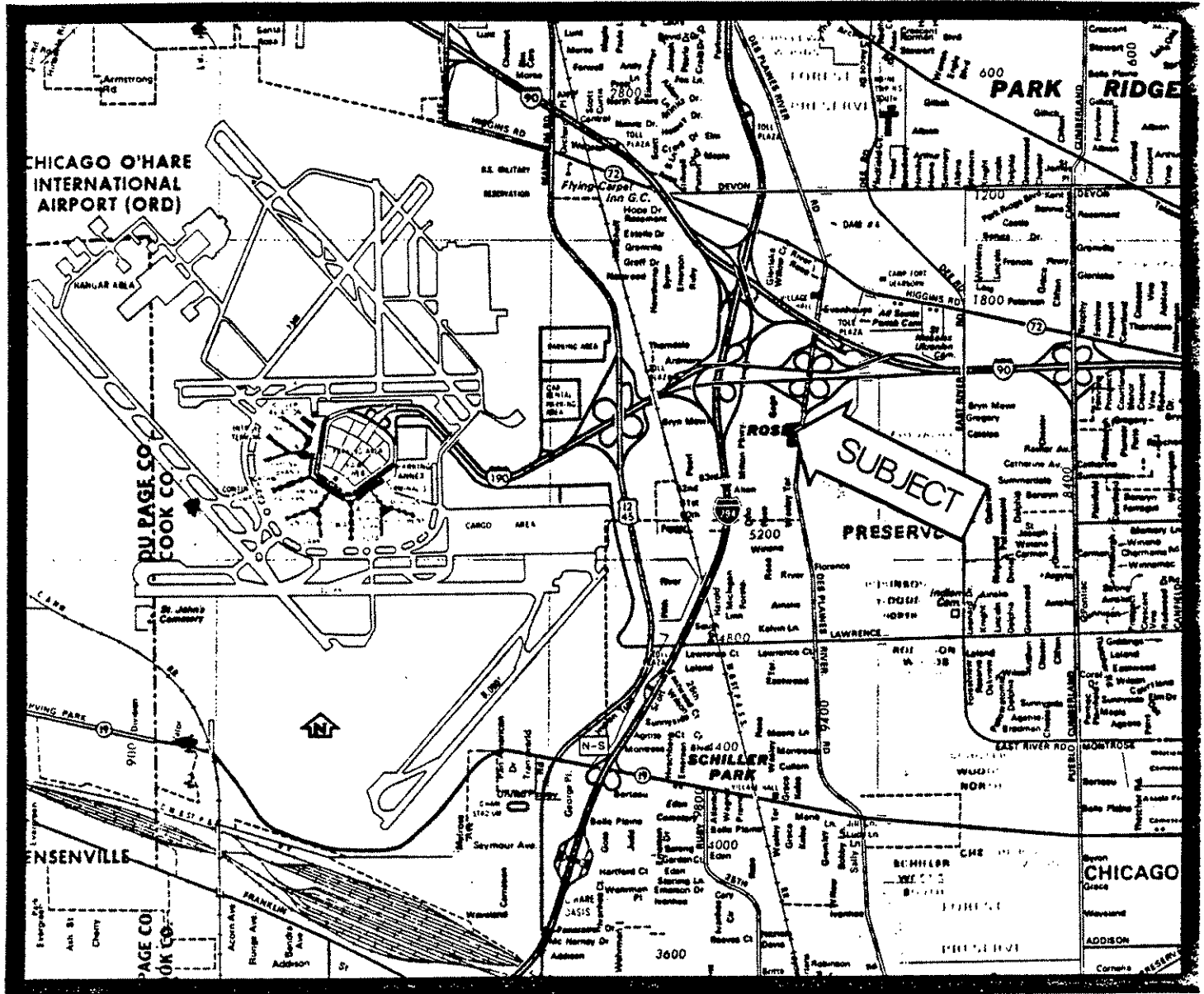
a. The Land

The O'Hare Office Building will be located on a relatively flat 3.44 acre parcel. The site plan is shown in Exhibit II-4. Parking will be provided for 517 cars with 277 spaces in a three level parking structure immediately south of the office building.

b. The Building

The proposed office building will be nine stories and contain 205,276 square feet of gross floor area (excluding the penthouse area) and 198,260 square feet of rentable area. The building will have an attractive exterior facade of granite combined with reflective, tinted insulated glass. The office building will face the Hotel Sofitel and together with the hotel, will be heavily landscaped and provide a park-like atmosphere. Exhibit II-5 shows several views of the structure and Exhibit II-6 contains a typical floor plan as well as the north elevation of the project. The summary specifications of the project are contained in Appendix A.

Exhibit II-2
PROPERTY LOCATION MAP



SITE ACCESS MAP

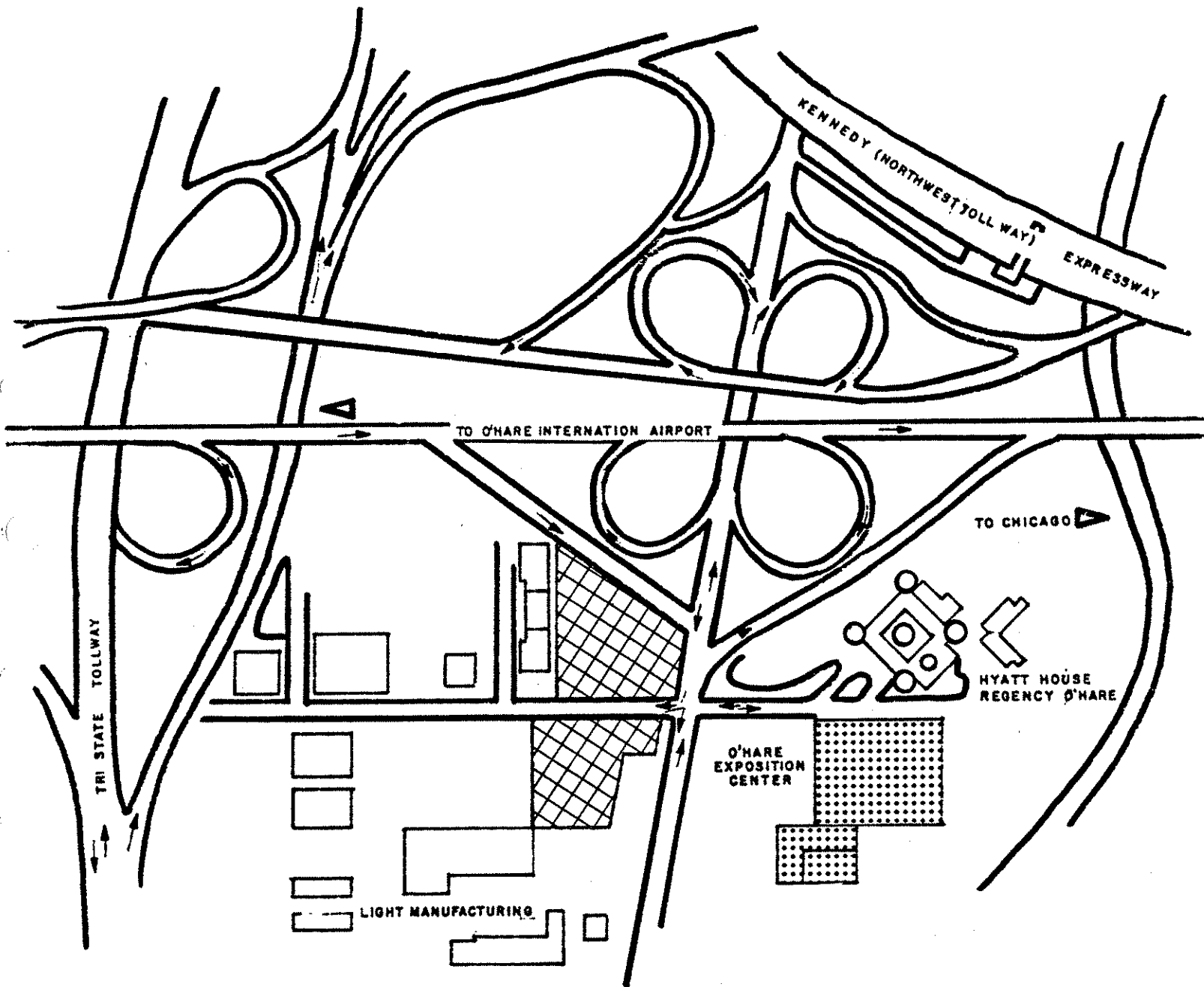
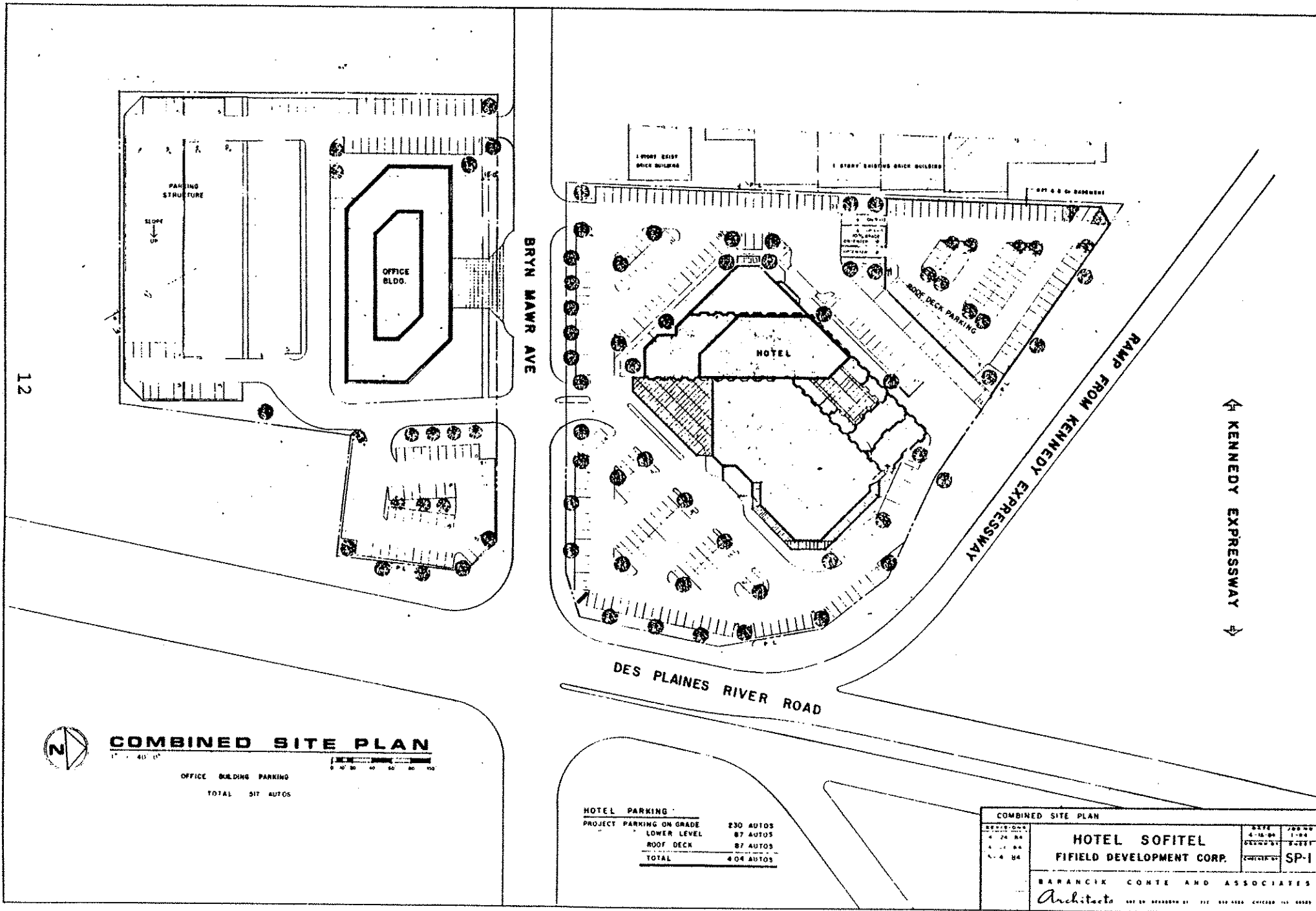


EXHIBIT II-4



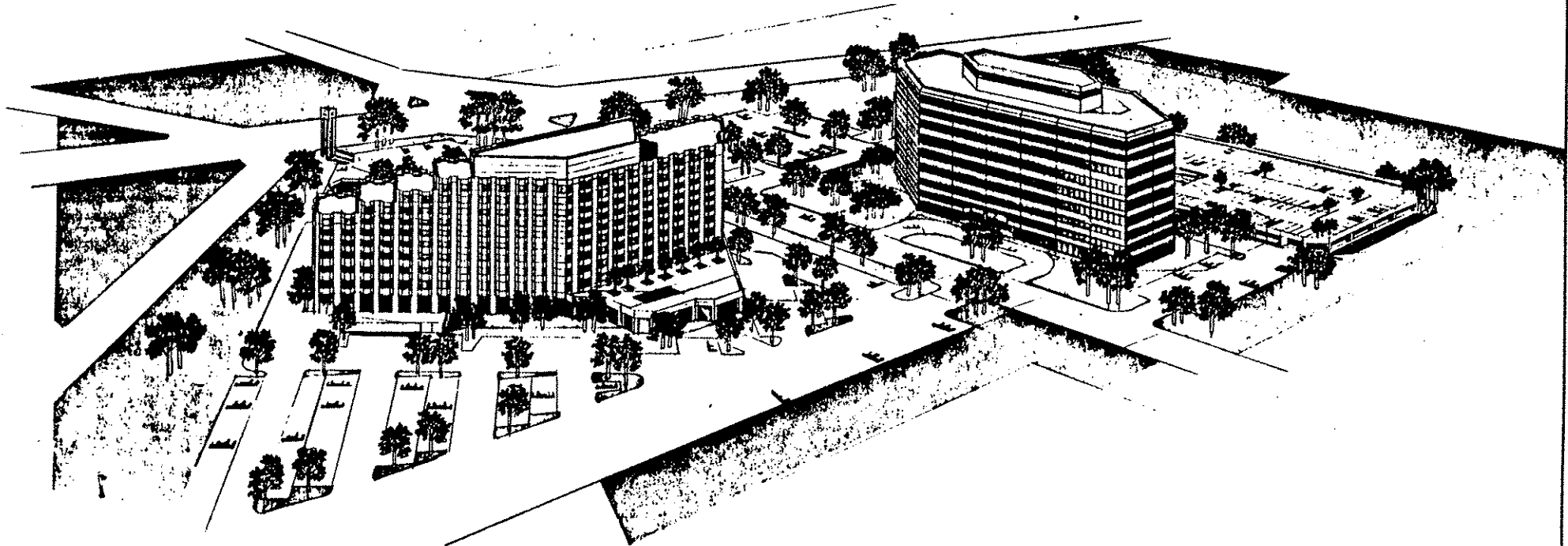
13



PLANS & ELEVATION		SCHEME J	
ARCHITECTS 5 4 54	SOFITEL CAMPUS OFFICE BUILDING FIELD DEVELOPMENT CORP	DATE 8 - 1 - 84	DRAWN BY 5454
CHECKED BY 5454		CHECKED BY 5454	
BARANCIK, CONTE AND ASSOCIATES <i>Architects</i> 482 W. COLUMBIA ST. 752 545 1900 CHICAGO, ILL 60654			

EXHIBIT II-5b

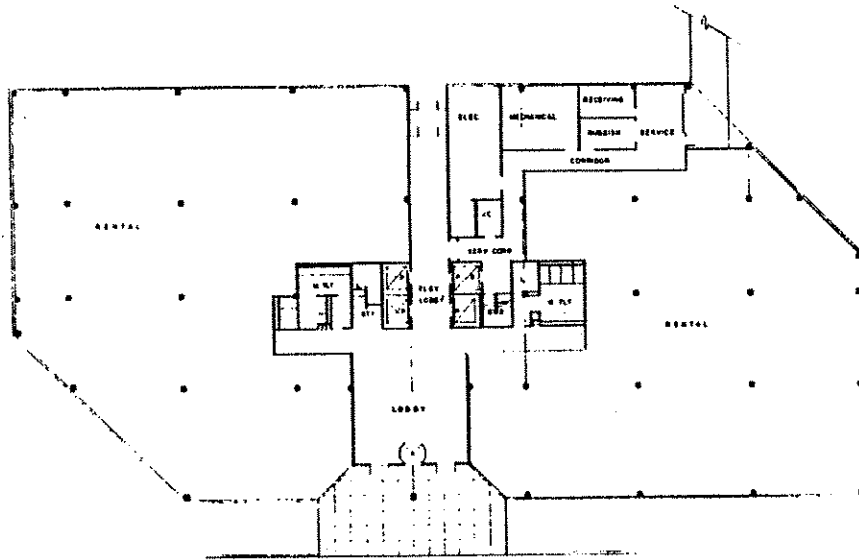
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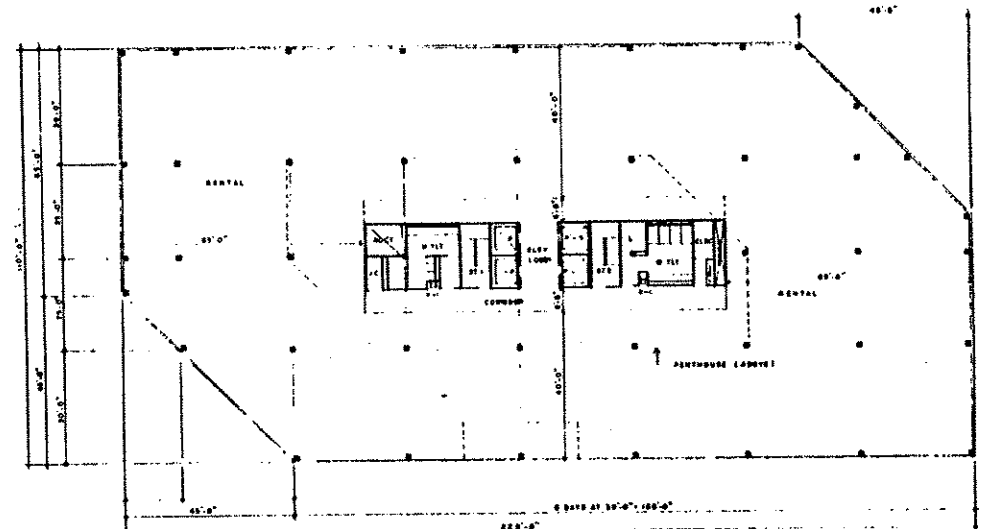
VIEW LOOKING SOUTHEAST

VIEW LOOKING SOUTHEAST		SCHEME -	
SOFITEL CAMPUS OFFICE BUILDING		DATE 8-8-88	JOHN 8-88
FIELD DEVELOPMENT CO		PROJECT 7-10-88	1
BARANCIC CONTI AND ASSOCIATES <i>Architects</i>			

EXHIBIT II-6



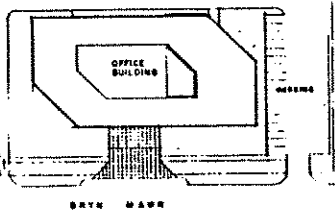
FIRST FLOOR PLAN



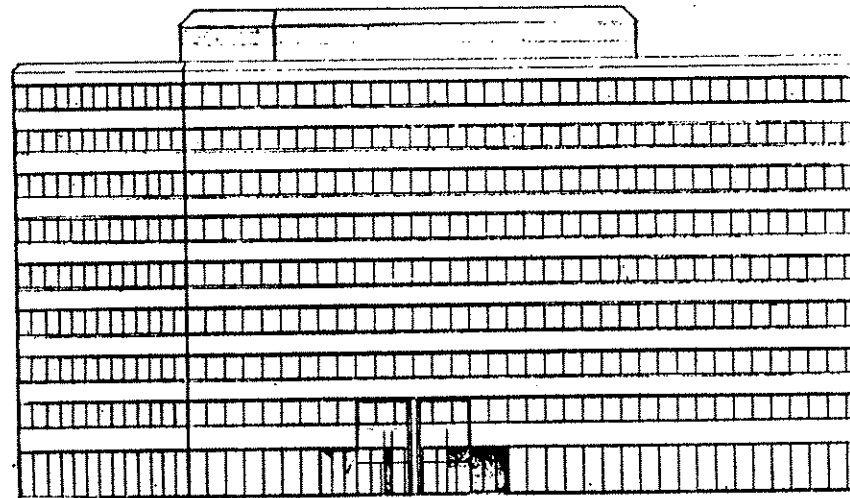
TYPICAL FLOOR PLAN



SEE SHEET SP-1
FOR GARAGE STRUCTURE



PARTIAL SITE PLAN



NORTH ELEVATION

PROJECT DATA		
FLOOR	GROSS AREA PER FLOOR	LEASABLE AREA PER FLOOR
1	23,476 SF	22,564 SF
2	22,720	21,882
3		
4		
5		
6		
7		
8		
9		
TOTAL	205,276.5 SF	198,260.5 SF
PENTHOUSE	6,300	
TOTAL BLDG GROSS AREA	211,576.5 SF	

PLANS & ELEVATION

REVISIONS
DATE 4/12/04
5-4-04

**SOFITEL CAMPUS
OFFICE BUILDING**
FIFIELD DEVELOPMENT CORP

SCHEME J

DATE 4-15-04
DRAWN BY
CHECKED BY
OF 1

BARANCIK CONTE AND ASSOCIATES
Architects
401 W. DEARBORN ST. 3RD FLOOR CHICAGO, IL 60610

Exhibit II-7
TRAFFIC STUDY RESULTS

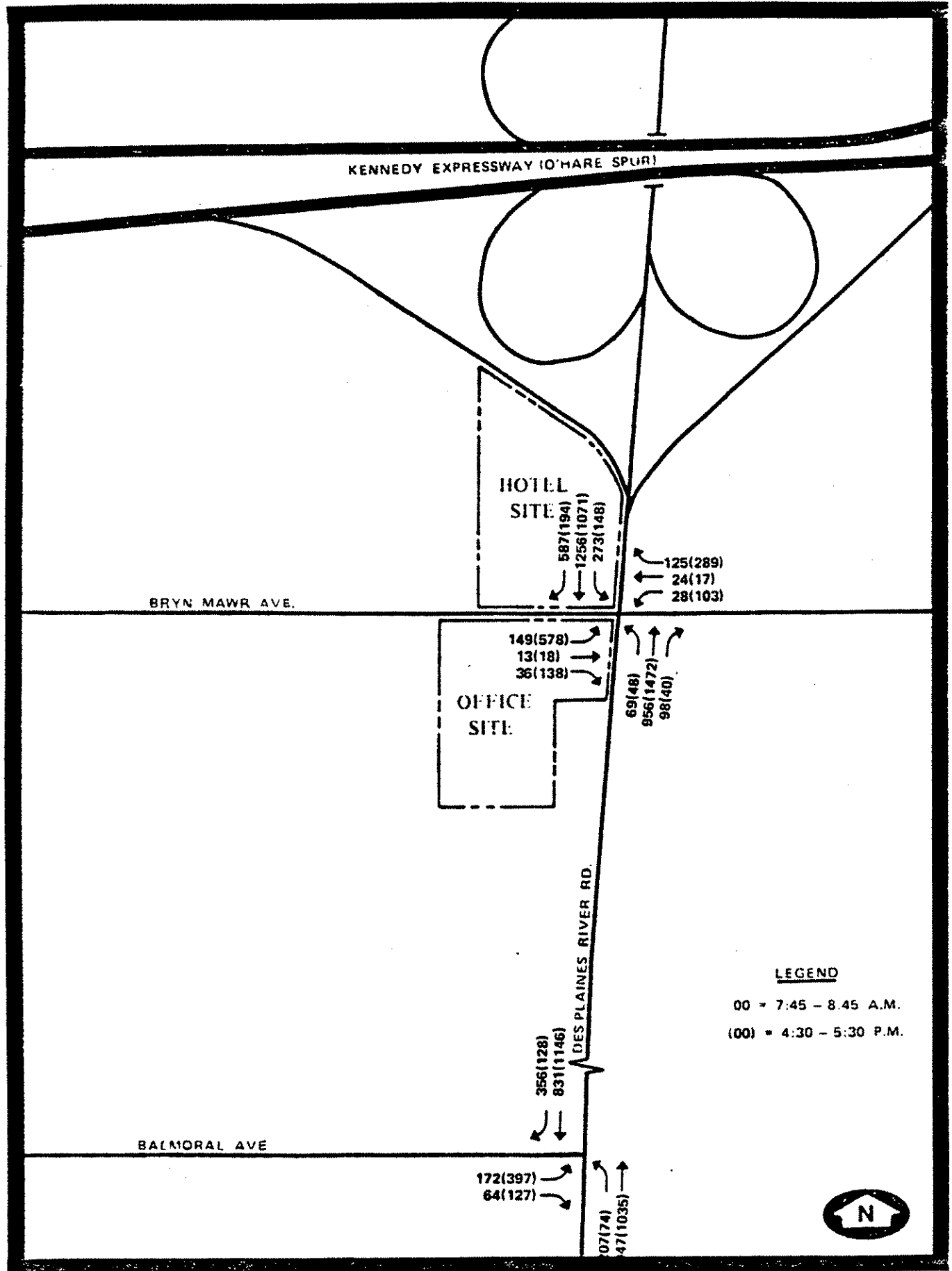


Exhibit II-8
DEVELOPMENT BUDGET

Cost Category

(1)	Land	\$ 2,525,000
(2)	Base Building	8,416,316
(3)	Parking Structure	1,330,000
	Base Building Contingency @ 5%	487,315
	Tenant Finish @ \$12.50/s.f.	2,478,250
	Tenant Finish Contingency @ 10%	247,825
	Architects and Engineers @ \$1.90/s.f.	390,000
	Tenant Drawings @ 65c/s.f.	128,870
	Testing and Reimbursables	50,000
	Landscaping	150,000
(4)	Off Site Traffic Donations	100,000
	Advertising/Promotion	150,000
(5)	Leasing Commissions	1,200,000
	Title Insurance/Inspecting Architect	100,000
	Development Overhead and Mgmt. @ 3%	705,000
	Legal/Accounting	175,000
	Insurance During Construction	30,000
	Real Estate Taxes During Construction	30,000
	Construction Loan Fee @ 1%	174,000
	Permanent Loan Fee @ 2%	490,000
(6)	Construction Period Interest	1,700,000
	Lease-Up Deficit	3,000,000
	Project Contingency	<u>450,000</u>
	Total Development Costs	\$ 24,507,576
	Say:	\$ 24,500,000

Exhibit II-8
DEVELOPMENT BUDGET (Cont.)

Notes:

- (1) Includes land and land related costs (site, legal, title, acquisition, survey)
- (2) Gross area excluding penthouse (205,276 s.f.) @ \$41.00/s.f.
- (3) 88,725 s.f. @ \$15.00/s.f.
- (4) This portion of the budget has been reserved by the developer as a concession package to the Village of Rosemont in its parking and traffic negotiations.
- (5) Commissions calculated on a net basis
1.35 x 7 year average lease term x \$16.00/s.f. net
(assumes 70% of tenants are brought in by outside brokers)
- (6) Assumed 15% Interim Interest

III. THE MARKET OVERVIEW

III. MARKET OVERVIEW

1. Introduction

The O'Hare office market is one of the major suburban office markets in Metropolitan Chicago. (See Exhibit III-1). The market includes sections of the City of Chicago, and Villages of Park Ridge, Rosemont and Des Plaines. This market is generally bounded by the Chicago O'Hare International Airport on the west, Illinois Highway 19 on the south, Cumberland Avenue on the east, and Illinois Highway 72 on the north. Most of the office development is concentrated around the confluence of Interstate Highways 90, 294, Cumberland Avenue and Des Plaines River Roads.

2. The O'Hare Office Market

Prior to 1980, office development in the O'Hare Airport Area was concentrated in an area north of the Kennedy Expressway in Rosemont, Illinois. This area is dominated by pre-1980, low-rise and mid-rise buildings which cater to a variety of tenants seeking convenient access to the O'Hare Airport, downtown Chicago and major suburban commercial centers. Since 1980, commercial development in the O'Hare area has focused at two, four-way intersections on the Kennedy Expressway. The Hyatt O'Hare and the Westin Hotel, which are both located on River Road (one of the two, four-way freeway intersections) contain over 1600 first class hotel rooms and have contributed to the emergence of the O'Hare area as a major regional center.

Office development along the Kennedy Expressway has resulted in an unprecedented addition to the supply of office space in the O'Hare market. As shown in Exhibit III-1, the O'Hare market has a current vacancy rate of 18%, with an estimated absorption rate of 550,000 square feet. (See Exhibit III-2) The current vacancy of 1.3 million square feet represents a two-year supply of space.

As the office market has developed, a scarcity of developable sites has occurred. This should act to inhibit future office development or at least increase the cost of future office development since new sites will require the razing of existing buildings.

3. Competitive Office Space

The existing and proposed office buildings which will be in direct competition with the subject property are summarized in Exhibit III-3, and the location of each property is noted in Exhibit III-4. The market rents range from \$15 per square foot with a \$5.40 expense stop to \$20 per square foot on a triple net lease. Piedmont conducted a survey of market participants in the O'Hare Office market and concluded that differences in rental rates reflect the

quality of the office space, the location of the building, the type of tenant (multi-tenant vs. full floor) and the quality of the building management. The most direct competition for the subject property will come from President's Plaza II and III. The former was completed last year and is currently 70% occupied and quoting a \$15 net rental rate. President's Plaza III will be completed in 1985 and is quoting a \$19 to \$20 net rental rate. President's Plaza's developers have successfully competed for downtown tenants migrating to the suburbs as evidenced by tenancies signed with Citicorp, Nixdorf Computer, Bally, VMS and Sperry Univac. These multi-floor tenancies represent some of the largest high-rise office leases in suburban Chicago. At completion, President's Plaza III will offer 600,000 square feet of rental area. The other direct competition will be from the three-story O'Hare Corporate Center which will be completed in 1985 and will offer 96,000 square feet at a net rental rate of \$13 per square foot. Overall, there are 363,300 square feet of Class A office space currently available in the area close to the subject property, with another 696,000 square feet of office space scheduled for delivery in 1985.

Operating expenses and real estate taxes were \$6.50 per square foot at President's Plaza in 1983 and are budgeted at \$7.20 per square foot in 1984. This indicates that tenants leasing space at President's Plaza III should be paying at least \$26.00 gross per square foot their first year of occupancy. The subject property, with a proforma rental rate of \$22.60 per square foot, should be very competitive in the O'Hare office market in 1986.

The O'Hare Office Building should continue to be competitive with buildings located near Cumberland Avenue long after 1986. The subject property is in the Village of Rosemont and Cook County. The Cumberland Avenue office concentration is in the City of Chicago and Cook County. Office building taxes within the Chicago City limits have historically exceeded those in the Villages of Cook County by \$0.70 to \$1.10 per square foot. This historical relationship is expected to continue in the future.

4. Summary

Based on Piedmont's evaluation of the Chicago-O'Hare office market, the average net rental rate of \$16.75 and the operating expense stop of \$5.85 for the subject property are reasonable. The projected 24-month lease-up period is appropriate since at least one of the other proposed projects will likely be constructed and available for occupancy in 1986. The proposed subject property should be very competitive in the Chicago-O'Hare market because of its visibility, accessibility, and adjacent land uses, including two major hotels and a convention center. The Chicago-O'Hare market in general, should continue to prosper as the

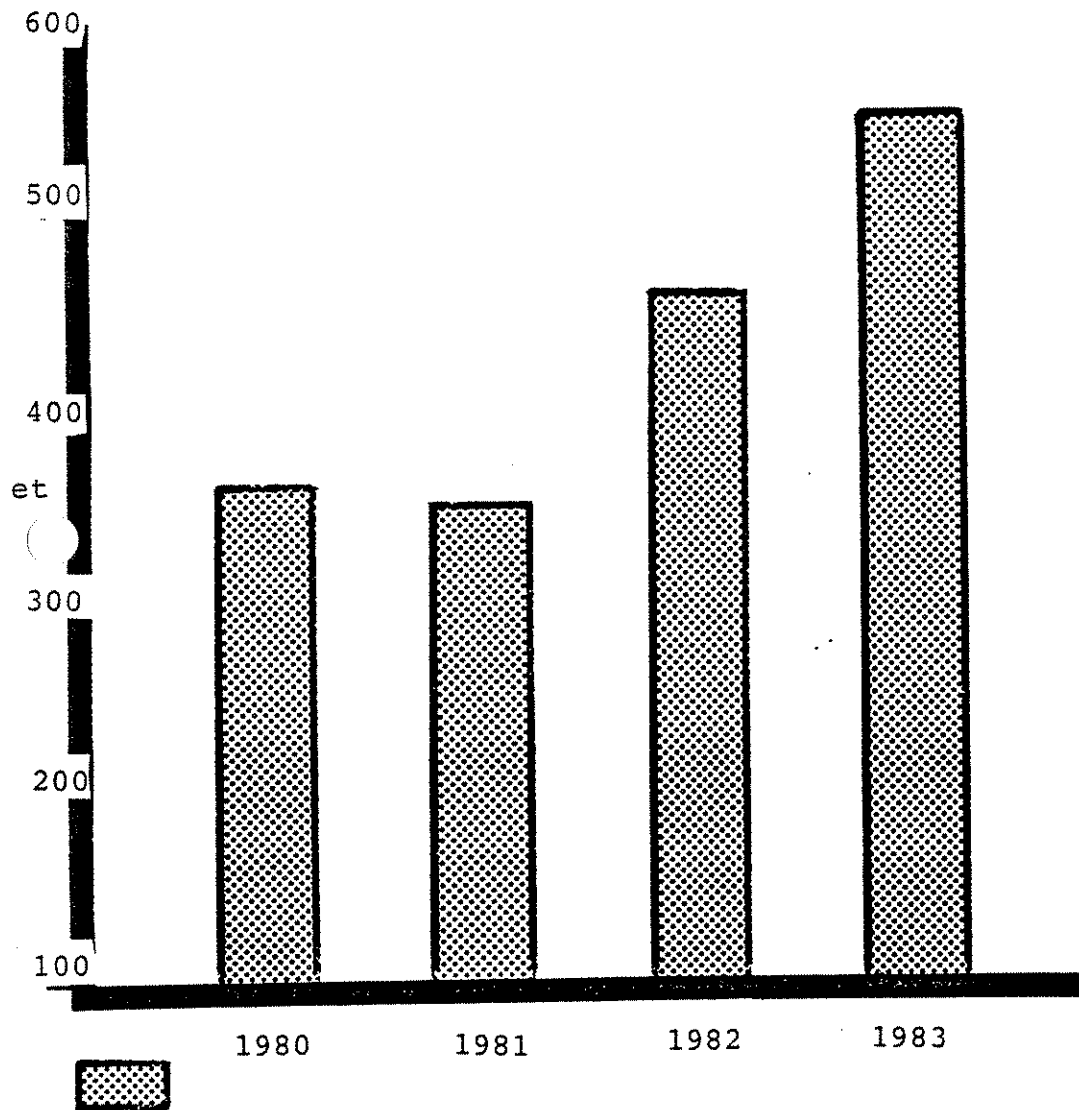
airport continues its expansion plans and as the area continues to mature as an office/convention center.

Exhibit III-1
CHICAGO OFFICE SUMMARY
June, 1984

<u>Office District</u>	<u>Total Sq.Ft.</u>	<u>Vacant Sq.Ft.</u>	<u>Vacancy Rate</u>
Downtown	83,544,745	9,038,680	10.8%
Edens Corr	2,996,640	460,592	15.4
North Suburbs	4,042,916	489,735	12.1
Schaumburg	10,627,112	1,481,947	13.9
O'Hare	7,183,499	1,283,845	17.9
Oak Brook	10,644,905	1,112,185	10.4
West Cook County	986.733	103,820	10.5
South Suburbs	<u>1,362,763</u>	<u>103,415</u>	<u>9.6</u>
 TOTAL	 121,389,313	 14,101,219	 11.6%

Source: Coldwell Banker, Piedmont Realty Advisors

Exhibit III-2
ABSORPTION TRENDS
O'HARE OFFICE MARKET
1980-1983



ANNUAL ABSORPTION

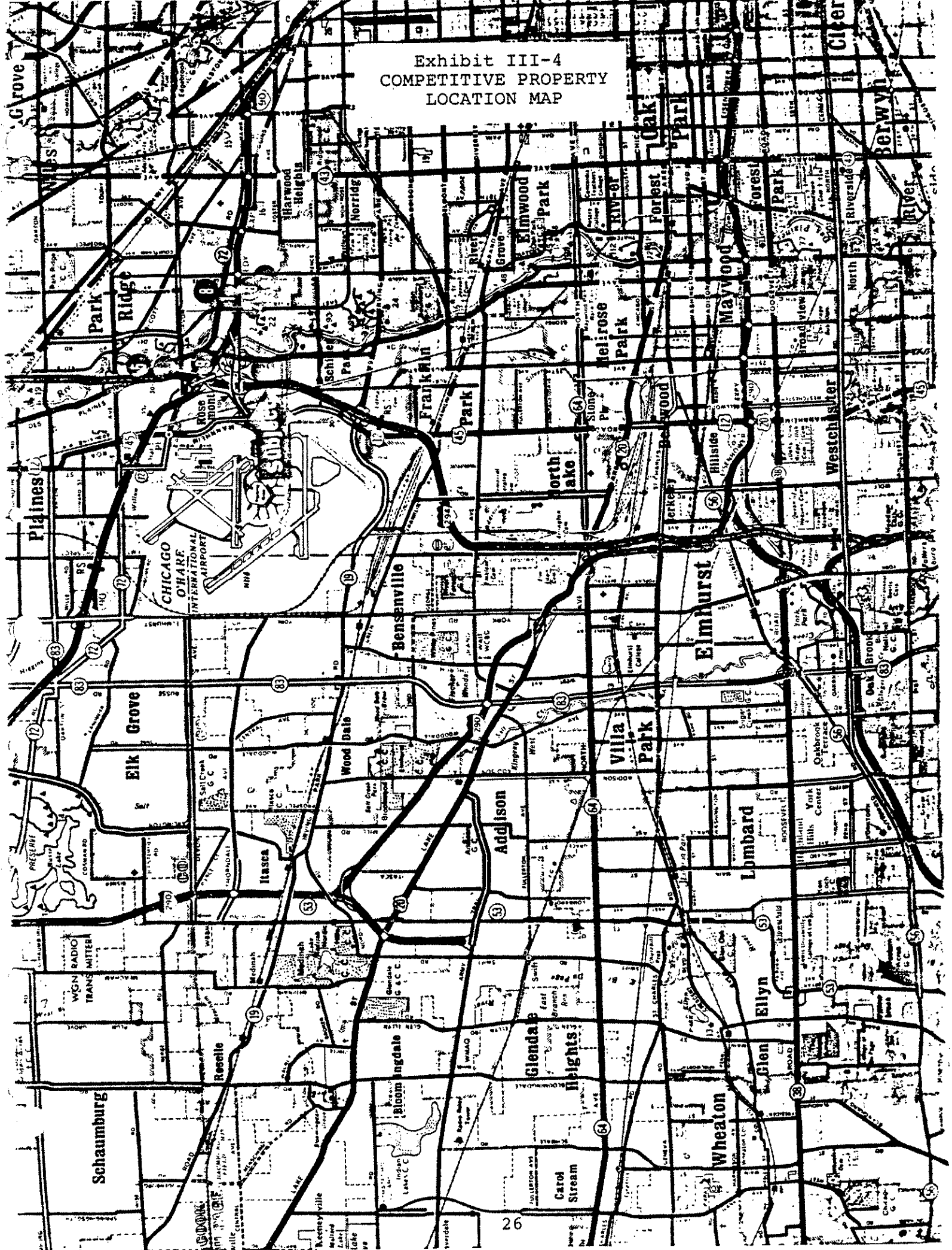
by: Piedmont Realty Advisors

Exhibit III-3
COMPETITIVE PROPERTY SURVEY (Cont)

<u>Competitive Properties Under Construction</u>				
2	President's Plaza III 8750-70 Bryn Mawr (2 bldgs)	14 1985	600,000	0.0% 600,000
3	Cumberland Courts Cumberland Avenue	3 1985	283,000	0.0% 283,000
8	O'Hare Corp Center 1300 Higgins Road	3 1985	96,000	0.0% 96,000
	SUBTOTALS		<u>979,000</u>	<u>0.0%</u> 979,000
	GRAND TOTALS		<u>3,410,000</u>	<u>60.7%</u> 1,342,300

\$19-20 Triple Net
All Exp passed
through.
\$18.50 Gross
\$5.00 Exp Stop
\$7.20 Est Exp Stop
\$18 gross
\$5 Opr Exp Stop

Exhibit III-4
COMPETITIVE PROPERTY
LOCATION MAP



IV. THE BORROWER/DEVELOPMENT TEAM

IV. THE BORROWER/DEVELOPMENT TEAM

1. The Borrower

The borrowing entity will be a limited partnership of which the general partners will be Steven D. Fifield and Erik Moskowitz.

a. Biographical Sketches

Steven D. Fifield

Steven D. Fifield is Chairman of the Board of the Fifield Companies. He began his real estate career with Urban Investment and Development Company where he was involved in the development of regional shopping centers and office buildings. Since then Mr. Fifield has demonstrated his abilities to effectively operate a full service real estate company by being an active principal in Fifield, Palmer and Company over the last six years. In that capacity he was responsible for initiating, overseeing, financing, marketing and selling numerous significant investment properties. Over one year ago he formed the Fifield Companies, of which he is Chairman of the Board. (See Exhibit IV-1). He received an AB Degree in Mathematics and Economics from Indiana University, and an MBA in Finance and Marketing from the University of Chicago. He has a net worth of \$14.9 million.

Erik Moskowitz

Erik Moskowitz is the President of the Fifield Development Corporation. He began his career as an officer with Baird and Warner, Inc., where he financed over \$100 million in debt and equity for commercial real estate development. For the last seven years Erik has been an Executive Vice President and one of the three active principals of Fifield, Palmer and Company. In this capacity he was involved in initiation, financing, and the development of leasing management of virtually all the commercial development in which the firm was involved (over 1.8 million square feet). (See Exhibit IV-2). Mr. Moskowitz holds an MBA from the Harvard Business School and he is also a Graduate of Indiana University with degrees in Mathematics and Economics. Erik Moskowitz has a net worth of \$6.9 million.

2. The Development Team

a. Fifield Development Company

The principals of the Fifield Development Corporation have completed over \$300 million of real estate projects. Exhibit IV-3 is a listing of some of their major projects.

b. Brancik, Conte, and Associates - Architects

Brancik, Conte and Associates has been in business for 34 years and is one of Chicago's most active design architectural firms. Its' practice concentrates primarily on the design of commercial office buildings, multi-family residential, hotels, and offices for financial institutions. Exhibit IV-4 is a summary of some of their major projects.

c. Power Contracting & Engineering Corp.-- General Contractor

Power Contracting and Engineering Corporation is a general contracting firm specializing in institutional facilities in the Chicago metropolitan area. Power has received ten AIA awards for distinguished buildings. Exhibit IV-4 lists some of their recent building projects including the 535 room Westin Hotel which is just north of the subject property.

Fifield & Company

Exhibit IV-1

FIFIELD COMPANIES

Fifield Companies are three companies specializing in real estate development, management and investments. Together, the Fifield Companies form a fully integrated real estate company: building, owning, leasing and managing in the Chicago area and investing on a national basis.

FIFIELD DEVELOPMENT CORP. Office Building Development and Project Management

As investment builders/developers, Fifield Development Corp. develops income properties. To remain responsible to changing markets and yet maintain adequate management depth and diversification, we have assembled a highly qualified group of professionals. These professionals work as a team to develop and own income properties as well as provide in depth real estate services and on-going investment opportunities.

Fifield Development Corp. is an active developer in major urban-suburban office buildings and commercial properties. We maintain ownership positions in major properties, including over 2,000,000 square feet of office buildings as well as apartments, hotels, shopping centers and industrial buildings.

FIFIELD & COMPANY Real Estate Investments and Acquisitions

As real estate investors, Fifield & Company has worked with institutional as well as foreign and domestic partners in the acquisition, renovation or development of commercial and residential projects whose values range from \$3,000,000 to \$125,000,000.

U.S. RESOURCES USR REALTY Property Management and Corporate Realty Services

As professional real estate counsel, the principals of U.S. Resources/USR Realty provide real estate services in:

- corporate relocations— we have moved over 2,000,000 square feet of corporate users.
- property sales—our sales involve properties ranging from luxury apartment complexes and regional shopping centers to corporate headquarters and office buildings.
- management—all properties we develop are managed by our internal staff.

Fifield & Company

Fifield

INVESTORS & DEVELOPERS

Exhibit IV-2
FIFIELD DEVELOPMENT CORPORATION

The principals of the Fifield Development Corporation have developed over 2,000,000 square feet of offices and commercial buildings since the mid 1970's. Some of their projects are listed below:

- * 200 North La Salle Building, Chicago
680,000 S.F. office building.
- * 101 Wacker H.Q. Building, Chicago
638,000 S.F. office building.
- * 211 E. Ontario Building, Chicago
188,000 S.F. office building.
- * 500 Davis Building, Evanston, Illinois
120,000 S.F. office building with 193 car
parking structure.
- * 650 Woodfield Building, Schaumburg, Illinois
8 story, 172,000 S.F. office building.
- * Commerce Plaza Office Building, Lisle, Illinois
57,000 S.F. office building.

Exhibit IV-4
POWER CONTRACTING & ENGINEERING CORPORATION
RECENT PROJECTS

<u>Project</u>	<u>Size</u>
The Westing Hotel, O'Hare	535 Rooms
Lake Cook Office Center	440,000 sf
Boulevard 40 Office Building	110,000 sf
Brown & Root	
Midwest Headquarters	200,000 sf
American Hospital	
Supply Headquarters	250,000 sf
Crossroads of Commerce II	200,000 sf
Northfield Plaza	125,000 sf
Motorola Communications	
Group Building	340,000 sf
MetPath Central Laboratory	210,000 sf
500 Davis Center	125,000 sf

V. THE RETURN AND RISK

V. RISK AND RETURN

1. Introduction

The participating mortgage as a form of investment has some advantages of equity ownership as well as a guaranteed return and senior security position of a traditional mortgage debt. The participating mortgage on the O'Hare Office Building will be fully collateralized by a first lien on the property. It is additionally secured by a master lease which is personally guaranteed by the borrowers who have substantial net worth.

2. Return

The detailed terms of the recommended mortgage are summarized in Exhibit V-1 and proforma income and expenses are presented in Exhibit V-2.

The cash flows which contribute to the loan's yield include:

- * Base debt service on the loan which provides a cash return of 11.625% on the lender's investment of \$24,500,000 (\$2,848,125 per year).
- * Additional interest from operations which is 50% of the increase in the annual gross income over a threshold amount equal to the annualized gross income 24 months after the initial funding or \$4.2 million, whichever is less.
- * Additional interest from the sale or refinancing of the property which is equal to 50% of the net proceeds from the sale of the property in excess of the outstanding loan amount if the property is sold or 50% of the difference between the appraised value and the outstanding loan balance if the property is not sold before the loan is called, refinanced or matures.
- * Prepayment fee which is equal to 5% in the eighth year of the loan and decreases 1% per year to 1% in year 12 and each year thereafter. No prepayment is permitted during the first seven years of the loan.

Additional safeguards for the lender include:

- * Physical holdbacks of \$2,478,250 for tenant improvements and \$1,114,000 for leasing commissions.
- * Economic holdback of \$3,000,000 which is disbursed at a rate of .794 per each \$1.00 gross income collected in excess of \$2,100,000 (50% occupancy)

until such income reaches \$3,350,000 (80% occupancy) at which time any remaining holdbacks will be disbursed at a rate of \$2.38 per additional \$1.00 of gross income collected.

- * Master lease of entire property by the general partners of the borrower until breakeven occupancy occurs.
- * A loan to value ratio which will be a maximum of 82%. (See Exhibit V-3).
- * Debt coverage ratio which will be a minimum of 1.09. (See Exhibit V-3).
- * A commitment fee of \$490,000; \$245,000 of which is non-refundable and \$245,000 of which is refundable at the initial funding but serves as security that borrower will pay all expenses of loan origination.
- * Initial funding of the loan will occur only when the property has been constructed according to the approved plans and specifications. The lender will incur no construction risks. A consulting architect will inspect the property and plans before, during and after construction.
- * All of the legal aspects of the mortgage documents will be handled by Piper Marbury.

Cash flows from the operation of the property were estimated using the assumptions outlined in Exhibit V-3. Cash flows are shown in V-4. The yield for this investment, given a 12 year holding period is estimated to be 15.3% (See Exhibit V-5).

3. RISK

The risk exposure of the investment can be divided into four categories: market, operations, default, and interest rate risk. The market risk is that the property cannot achieve proforma rental rates. This could be caused by decreased demand for office space or an over supply of office space in the Chicago O'Hare market. Given the location of the property, the budgeted amount for liberal rent concessions, and a 24 month lease up period, the effects of unanticipated swings in the market should be mitigated.

As an additional level of safeguard, Piedmont has further conditioned USF&G's position in several ways. A flexible threshold amount for annual participation has been established so that if the proforma rents are not achieved the participation threshold will be reduced based on the rents actually in place at the end of 24 months. Secondly,

no economic holdback funds will be disbursed until the property reaches 50% occupancy and then only \$1,000,440 will be disbursed as occupancy increases to 80%. At 80% occupancy or \$3,350,000 in scheduled gross income, the economic holdback funding rate will increase but the entire holdback will not be distributed until the property achieves 95% occupancy or a scheduled gross income of \$4,200,000. Thirdly, the proforma net rental rate (\$16.75) is close to President's Plaza II current rate (\$16.20) and well below the rental rate for President's Plaza III (\$19-\$20). The subject should be very competitive in 24 months even in a soft rental market.

The operational risk is that the property cannot be efficiently managed and marketed and the additional interest does not materialize. However, the borrowers have been actively involved in the leasing and management of over 2.0 million square feet of office projects similar to the subject property in the Chicago area. A recently published financial study of six previous Fifield, Palmer and Company developments found that Fifield's financial partners averaged almost a 50% annual after tax return on a compounded basis. The borrowers are very familiar with office buildings in the Chicago suburban markets so that the operational risks should be minimized.

If the borrower were to default on the mortgage after the master lease period and the loan was fully funded, the collateral for the loan would be a well located, well constructed and efficient office building with a unit cost of \$124.00 per rentable square foot.

The interest rate risk occurs due to the forward commitment nature of the loan. Initial funding will probably not occur until the fourth quarter of 1985, and full funding could take up to 24 months thereafter. If interest rates increase during this time due to expectations of inflation, the real return should be insured due to the participating features of this mortgage. If interest rates decrease before the initial funding occurs, the borrower will be locked in through a tri-party agreement with the construction lender and the real return to USF&G will increase accordingly.

4. Conclusions and Recommendations

The proposed Chicago O'Hare Office Building has the essential elements of a successful real estate venture. The project has excellent accessibility and exposure in a growing suburban office market. The borrower is financially capable and the development team has a proven track record in the Chicago office market.

The risks in this investment have been carefully evaluated and reduced to an acceptable level by the deal structure described above. This structure protects the downside risks

and exploits the upside potential of the project.

We therefore recommend that the real estate investment committee of the United States Fidelity and Guaranty Company approve the issuance of the commitment for a first mortgage of \$24,500,000 for the O'Hare Office Building under the terms and conditions outlined in this report.

Fifield Development Corp.

Three First National Plaza, Suite 5660
Chicago, Illinois 60602 (312) 855-1600

June 13, 1984

Mr. Robert A. Zerbst
President
Piedmont Realty Advisors
650 California Street
San Francisco, California 94108

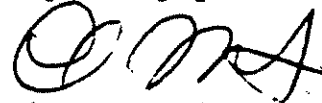
Re: Financing Application
O'Hare Office Building
Rosemont, Illinois

Dear Bob:

The attached application for financing is accepted subject to the following modifications.

1. The borrower will be an Illinois Land Trust the beneficiary of which will be Columbia Associates an Illinois Limited Partnership whose general partner is Fifield Companies Ltd. whose general partners are Steven D. Fifield and Erik Moskowitz.
2. Under additional interests on page 2 the following language should be added to paragraph "A - Operations": the annualized gross income at the end of thirty months shall be adjusted to reflect a 95% leased building.
3. Paragraph C entitled "Economic Holdback" under the Holdback Section on page 3 shall be amended as follows: the gross income collected shall be that income reflected by signed leases by tenants in rent paying occupancy except at the end of thirty months the gross income shall be that reflected by all executed leases. Such income shall be annualized.
4. The paragraph entitled "D. Hotel" on page 3 shall be restated as follows: the funding of the commitment at base building completion shall be conditioned on the initiation of the adjacent hotel construction.

Very truly yours,



Erik Moskowitz
President

EM/nt

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET
THIRTY-FIRST FLOOR
SAN FRANCISCO, CALIFORNIA 94108
—
415-433-4100

July 10, 1984

Mr. Steven J. Lee
BA Mortgage of Chicago
55 Monroe Street, Suite 2330
Chicago, Illinois 60603

RE: First Mortgage Financing #026
O'Hare Office Building
Des Plaines/River Road
Rosemount, Illinois

Dear Steve:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a commitment for a participating first mortgage on the above captioned property subject to the following terms and conditions described in this letter.

Property:	<u>O'Hare Office Building</u> - 198,260 rent-able square feet of office space and 277 space parking garage.
Location:	Southwest corner of Des Plaines/River Road and Bryn Mawr Avenue, Rosemount, Illinois.
Land Area:	3.44 acres
Borrower:	Fifield & Company
Lender:	United States Fidelity & Guaranty Company.
Loan Amount:	\$ 24,500,000.00
Interest Rate:	11.625%
Term:	15 years.

Mr. Steven J. Lee
June 1, 1984
Page Two

Amortization: Not applicable, interest only.

Call Option: Any time after the end of the twelfth year. Lender will give borrower 12 months written notice of its intent to call the loan.

Prepayment: *

- * No prepayment through year 7.
- * Prepayment fee of 5% in year 8, declining 1% per year to 1% in year 12, and thereafter.
- * No prepayment fee if Lender calls loan.

Additional Interest:

A. Operations: Lender receives 50% of the annual gross income (excluding expense reimbursements) in excess of a base amount. The base amount shall equal the annualized gross income (excluding any base rent escalations) 30 months after initial funding. In no case shall the base amount exceed \$4,200,000. Additional interest payments made quarterly.

B. Sale or Refinancing: Lender receives 50% of the difference between the net sales price and the outstanding loan balance if the property is sold or 50% of the difference between the appraised value and the outstanding loan balance if the property is not sold before the loan is called, refinanced or matures.

Commitment Fee: \$490,000; \$245,000 in cash which is earned upon acceptance of the commitment, \$245,000 in an unconditional, irrevocable Letter of Credit which will be refunded to borrower at closing.

Mr. Steven J. Lee
June 1, 1984
Page Three

Initial Funding: \$ 18,457,750

Holdbacks:

- A. Tenant Improvements: \$2,478,250; disbursed for actual cost not to exceed \$12.50 per square foot of rentable area as space is leased and tenant improvements are completed.
- B. Leasing Commissions: \$1,114,000; disbursed as commissions are paid not to exceed \$5.62 per square foot of rentable area.
- C. Economic Holdback: \$2,450,000; disbursed at a rate of \$.648 per \$1.00 of gross income collected in excess of \$2,100,000 until such income reaches \$3,360,000. Thereafter, any remaining holdback will be disbursed at a rate of \$1.944 per additional \$1.00 of gross income collected. Borrower has 30 months after initial funding to earn out the economic holdback.

Contingencies:

- A. Engineering: The commitment will be contingent on the Lender receiving an engineering report approving the plans, specifications and corresponding construction.
- B. Leases: The Lender reserves the right to approve all leases subject to agreed leasing standards.
- C. Market Value Appraisal: The commitment will be contingent upon the Lender receiving a market value estimate of the property from an MAI designated appraiser which is not less than \$30,000,000.
- D. Hotel: The commitment will be contingent on the simultaneous development of the hotel as presented in the borrower's package.

Mr. Steven J. Lee
June 1, 1984
Page Four

E. Master Lease: The general partner of the borrower shall master lease the building to breakeven. Master lease will be terminated at the sooner of breakeven occupancy or 36 months. As third party leases are signed, the master lease will be reduced correspondingly.


If the terms outlined in this letter are acceptable to Fifield & Company, please have their representative sign below and return with an application fee of \$50,000 by Tuesday, July 13, 1984. The check should be made out to the lender. The application fee will be returned if the lender does not issue a commitment according to the terms of this letter or applied to the commitment fee if a commitment is issued.

Sincerely,



Robert H. Zerbst
President

RHZ/jb

cc: Eugene M. Howerdd, Jr.



SIGNED

 PRESIDENT

TITLE

 7/13/84

DATED

Subject to the attached modification letter dated 7/13/84.

Exhibit V-2
PRO FORMA INCOME AND EXPENSES

Gross Income		
3 year leases	39,659 sf @ \$22.60 (1)	\$ 896,135
5 year leases	79,304 sf @ \$22.60	1,792,270
10 year leases	79,304 sf @ \$22.60	<u>1,792,270</u>
Total		\$ 4,480,676
Less: Vacancy @ 5%		<u>224,034</u>
Effective Gross Income		\$ 4,256,642
Less: Operating Expenses	198,260 sf @ \$3.85	763,301
Less: Real Estate Taxes	198,260 sf @ \$2.00	<u>396,520</u>
Net Operating Income		\$ 3,096,821

Notes:

- (1) Piedmont estimates that 25% of the building's area will be preleased at a rate of \$16.000 net. The remaining 75% of the building's area should lease at an average rate of \$17.00 net.

$$\begin{array}{rcl}
 \$ 16 \text{ net} \times 25\% & = & \$ 4.00 \\
 + 17 \text{ net} \times 75\% & = & 12.75 \\
 \hline
 \end{array}$$

$$\begin{array}{rcl}
 \text{Average Net Rate} & & 16.75 \\
 + \text{Oper Expenses} & & 3.85 \\
 + \text{R.E.Taxes} & & 2.00 \\
 \hline
 \end{array}$$

Average Gross Rate \$22.60

Effective rate with 12 month lease concession on a five year lease: \$ 13.40 Net

Effective rate with 6 month lease concession on a five year lease: = \$ 15.08 Net

Exhibit V-3
VALUATION ANALYSIS

Office Building Sales

There have been no current sales of Class 'A' office buildings in the O'Hare market. However, Frank Karth, MAI, the developer of properties under construction in the O'Hare market have been offered prices for their properties at 9% cash-on-cash when fully leased.

Land Sales

- 1) Southwest Corner of Cumberland and Catalpa, Chicago.
Size: 6.49 acres
Amount: \$4,000,000
Date: July, 1984
Unit Price: \$14.15 per square foot
Comment: Inferior accessibility and visibility to subject.
- 2) North side of Bryn Mawr Avenue between Delphia Avenue and East River Road, Chicago.
Size: 12 acres, 523,000 sf
Amount: \$9,400,000
Date: May, 1983
Unit Price: \$ 18.00 per square foot
Comment: This site is the location of President's Plaza III
- 3) Northwest corner of River Road and Higgins Road, Rosemont
Size: 4.8 acres, 209,000 square feet
Amount: \$2,760,000
Date: September, 1983
Unit Price: \$13.20 per square foot
Comment: Prime parcel in O'Hare market area. Excellent frontage and visibility.
- 4) Site behind President's Plaza and in front of apartments off Cumberland Road
Sales Price: Offered for sale at \$17.00 per square foot.
Comment: Inferior accessibility and visibility.
- 5) SUBJECT PROPERTY
Size: 3.44 acres
Amount: \$2,266,000
Date: Contract Pending
Unit Price: \$15.12

Comments: Estimated market value of land.

Valuation Analysis

- 1) Capitalized Income Approach
 $3,096,821 + 10\% = \$ 30,968,210$
Rounded to $\$ 31,000,000$
- 2) Required Market Value Appraisal in Commitment
 $= \$ 30,000,000$
- 3) Loan to Value Ratio:
 $(24,500,000/30,000,000) = 82\%$ to
 $(24,500,000/31,000,000) = 79\%$
- 4) Debt Coverage Ratio:
 $(3,096,821 + 2,848,125) = 1.09$

Exhibit V-4
CASH FLOW ASSUMPTIONS
O'HARE EXECUTIVE OFFICE BUILDING

Income Assumptions

- Three Year Leases: *
- * 39,652 square feet of rentable area at an average rental rate of \$22.60.
 - * Rental escalations in years 2 and 3 of the lease term equal to 30% of the CPI increase which is estimated to be 6%.
 - * Expense stop at \$5.85 per square foot of leaseable area.
 - * Lease renewal every third year based on 6% annual increases of the effective market rental rate which is estimated to be \$22 in the first year of the loan.
 - * 24 months to lease-up to 95% occupancy.
- Five Year Leases: *
- * 79,304 rentable square feet at an average rental rate of \$22.38.
 - * Rental escalations equal to 30% of the CPI increase which is estimated to be 6%.
 - * Expense stop estimated at \$5.85 per square foot of rentable area.
 - * 6th and 11th year's income based on a \$22 rental rate increasing annually at 6%.
 - * 24 months to lease up to 95% occupancy.
- Ten Year Leases: *
- * 79,304 square feet of rentable area leased at an average rental rate of \$22.60.
 - * Rental escalation equal to 30% of the CPI after the first year of the lease.
 - * \$5.85 stop on expenses.
 - * 24 month lease up period to 95% occupancy.
 - * Lease renewal in the 11th year based on 6% annual increases in market rental rates.

Parking: * No parking income is included.

Mortgage Payments: * Fixed payment is \$2,848,125 per year.
* 50% of the effective gross income in excess of \$4,200,000.

Sales Assumptions: * Current value of \$31,000,000 increasing at 6% annually for twelve years.
* Sales expenses equal to 3% of the gross sales price.
* Lender receives 50% of the difference between the net sales price and the outstanding loan balance.

Exhibit V-5
SUMMARY OF CASH FLOWS
O'HARE OFFICE BUILDING

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Gross Potential Income	4,480,676	4,534,444	4,588,212	4,784,821	4,838,589
Less: Vacancy	2,240,338	1,133,611	229,411	239,241	241,929
Effective Gross Income	2,240,338	3,400,833	4,358,802	4,545,580	4,596,659
Less: Expenses	1,159,821	1,159,821	1,159,821	1,159,821	1,159,821
Net Operating Income	1,080,517	2,241,012	3,198,981	3,385,759	3,436,838
Less: Debt Service	2,848,125	2,848,125	2,927,526	3,020,915	3,046,455
Total Cash Flow	(1,767,608)	(607,113)	271,455	364,844	390,384

- 1) Current value of \$31,000,000 increasing at 6% annually
for ten years (\$58,847,255) less sales expenses of 3%
(\$1,765,418)

<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Sale (1)</u>
5,434,873	5,687,102	5,740,870	5,794,638	6,084,776	7,722,748	7,722,748	
271,744	284,355	287,043	289,732	304,239	386,137	386,137	
5,163,129	5,402,747	5,453,826	5,504,906	5,780,538	7,336,610	7,336,610	
1,159,821	1,159,821	1,159,821	1,159,821	1,159,821	1,159,821	1,159,821	
4,003,308	4,242,926	4,294,005	4,345,085	4,620,717	6,176,789	6,176,789	
3,329,690	3,449,498	3,475,038	3,500,578	3,638,394	4,416,430	4,416,430	
673,619	793,427	818,967	844,507	982,323	1,760,359	1,760,359	58,847,255

Exhibit V-6
INVESTOR'S YIELD SUMMARY

<u>Year</u>	<u>Annual Debt Service</u>	<u>Additional Interest- Operations</u>	<u>Loan Balance</u>	<u>Additional Interest- Sale</u>	<u>Total</u>
1	\$ 2,848,125	\$ 0			\$ 2,848,125
2	2,848,125	0			2,848,125
3	2,848,125	79,401			2,927,526
4	2,848,125	172,790			3,020,915
5	2,848,125	198,330			3,046,455
6	2,848,125	481,565			3,329,690
7	2,848,125	601,373			3,449,498
8	2,848,125	626,913			3,475,038
9	2,848,125	652,453			3,500,578
10	2,848,125	790,269			3,638,394
11	2,848,125	1,568,305			4,416,430
12	2,848,125	1,568,305	\$ 24,500,000	\$ 16,290,919(1)	45,207,349

Estimated yield (2) 15.3%

1) Net sales price of \$57,081,837 less the outstanding loan balance of \$24,500,000 equals a residual of \$32,581,837. 50% of the residual equals \$16,290,919.

2) Internal rate of return calculated using \$24,500,000 as the investor's initial investment.

APPENDIX A
OUTLINE SPECIFICATIONS

OUTLINE SPECIFICATION
FOR
O'HARE OFFICE BUILDING

OWNER: FIFIELD DEVELOPMENT CORPORATION
THREE FIRST NATIONAL PLAZA
SUITE 5660
CHICAGO, ILLINOIS 60602

OUTLINE SPECIFICATION

FOR

O'HARE OFFICE BUILDING

1. GENERAL

Fifield Development Corporation intends to develop an office building of approximately 205,276 gross SF on a 3.44 acre site in Rosemont, Illinois, at the northwest corner of Bryn Mahr and River Road, directly west of the Hyatt O'Hare and O'Hare International Exposition Center.

2. SITE WORK

Site work will include demolition, clearing and grubbing and earthwork as follows:

Demolition of existing concrete curbs and paving which presently occupy a portion of the site will be completed in accordance with the terms of the developers agreement and all laws, rules and regulations of government authorities having jurisdiction over the project. Required temporary barricades will be provided to permit safe passage around the construction area. Clearing and grubbing will be accomplished to permit proposed construction of building, paved areas and plantings.

Earthwork will include the necessary grading, excavation, backfilling and protection of any existing utilities and shall consist of the removal and stockpiling of all suitable materials encountered to obtain the required sub-grade elevations. Stockpiled materials classified as satisfactory may be used where directed for backfill, fill and sub-slab support. Materials used for backfill will conform to Standard Proctor ASTM 6-698 requirements. Any required sheet piling, bracing, shoring and temporary drainage will be included.

A complete site drainage system including storm drainage piping, drainage inlets, manholes and other associated work will be provided.

A complete system of utilities to serve the building will be installed in accordance with good practice, local governing codes and project requirements.

Paving shall include new walks, public and private, driveways and curbs and gutters constructed in accordance with Village of Rosemont requirements.

A generous allowance for landscaping has been included and will meet the requirements of the Village of Rosemont.

3. FOUNDATIONS

A foundation system comprising piers, caissons, or spread footings will be provided in accordance with structural requirements and an evaluation of the geo-technical analysis of the soils encountered.

4. SUPERSTRUCTURE

It is contemplated that the structural frame will be of reinforced concrete and will include the necessary reinforcing steel, footings, piers, walls, floor slab on grade, supported floors, and slabs, columns, and any required retaining walls.

Concrete design and construction shall be in accordance with ACI 318-77, "Building Code Requirements for Reinforced Concrete" and ACI 301-72, (Revised 1981) "Specifications for Structural Concrete Buildings".

Formwork for cast-in-place concrete shall be performed in accordance with ACI 347-78, "Recommended Practice for Concrete Formwork".

Formwork for exposed concrete surfaces shall be constructed with high density overlaid plywood, metal, metal framed plywood faced, or other panel type materials deemed suitable by the Architect for architectural concrete.

Reinforcing steel will encompass the fabrication and placement of required reinforcement for all concrete work including bars, welded wire fabric, ties and supports.

Concrete reinforcement will be designed in accordance with the following standards:

- Concrete Reinforcing Steel Institute, "Manual of Standard Practice".
- American Concrete Institute, ACI 318-77, "Building Code Requirements for Reinforced Concrete," and ACI 301.
- American Welding Society, AWS D 12.1 "Recommended Practices for Welding Reinforcing Steel".

Cast-in-place concrete shall consist of portland cement, fine and coarse aggregate, water and selected admixtures, combined, mixed, transported, placed, finished and cured as required to accomplish the design standards specified.

Concrete shall be designed in accordance with ACI 211.1-81, "Standard Recommended Practice for Selecting Proportions for Concrete".

Concrete exposed to a combination of moisture and freezing shall be made with air entrained admixtures meeting the requirements of ASTM C 260. Aggregate shall be limestone and/or approved material meeting ASTM C33.

Measuring, mixing and transporting and placing concrete shall comply with ACI 304-73.

A moisture barrier will be provided between the prepared base material and interior concrete slabs on-grade.

Concrete surfaces shall be finished as appropriate to receive finished materials.

5. MASONRY

Concrete block interior masonry walls shall comply with ASTM C 90 using light-weight aggregate complying with ASTM C 331.

Other materials shall comply with the following:

- Portland Cement for Mortar: ASTM C 150-74, Type I.
- Masonry Cement: ASTM C 91-68, Type II, non-staining, with 12% air content volume.
- Hydrated Lime for Mortar: ASTM C 207-74, Type S.
- Mortar Aggregate: ASTM C 144-66 Natural Sand.
- Water clean and free from deleterious material.

Mortar mixes shall comply with ASTM C 270-73 proportion specifications for Type N.

Masonry accessories will include continuous horizontal wire reinforcing, anchoring devices and concrete inserts.

Provisions for horizontal joint reinforcing, expansion and control joints, lintels, door frames, pointing and cleaning will be included.

Finished materials for lobby and other public spaces may include granite, marble, plaster, brick masonry, brick pavers or carpet.

6. METALS

All required miscellaneous metal work will be included. Such work will include both decorative and concealed metal fabricated for railings, anchors, hangers, straps, inserts, sleeves and other required miscellaneous items. Stairs may be of steel pan construction with concrete fill for treads and landings or reinforced concrete at the builder's option. Materials shall comply with the following:

- Steel Plates, Shapes and Bars: ASTM A 36.
- Steel Tubing: ASTM A 501.
- Steel Pipe: ASTM A 53, Grade A, black finish unless galvanized.
- Sheet Steel: Prime grade cold-rolled steel, annealed and process leveled.
- Paint: Red lead iron oxide.
- Galvanizing: ASTM A 123 and A 386.

A complete installation of access panels will be provided for installation in concrete masonry, drywall partitions and non-accessible ceilings.

7. CARPENTRY

All rough and finished carpentry will be provided in accordance with the Contract Documents and shall generally include under rough carpentry; wood grounds, nailers, blocking, sleepers, wood furring, wood framing, attachment and anchorage including nails, bolts or anchors.

Materials shall be graded according to American Lumber Standards, Western Wood Products Association, or Southern Pine Association and shall contain a moisture content 12% or less and where required treated in accordance with American Wood Preservative Institute specifications where required.

Finished carpentry shall be in accordance with American Woodworking Institute (AWI) Standards, Premium Grade for toilet room countertops, millwork, shelving, etc.

Wood doors shall be solid core wood, flush construction, veneered for natural finish in accordance with architect selection.

Label doors shall be constructed with mineral core U.L. approved.

All doors shall be prepared to receive hardware specified.

8. THERMAL AND MOISTURE PROTECTION

A complete system of thermal and moisture protection will be specified in accordance with the contract documents.

Waterproofing or dampproofing membrane will be provided below concrete slabs in contact with ground and under any interior planters.

Insulation will be provided for walls and roof area in accordance with the contract documents.

Roofing shall be an inverted protected membrane system consisting of:

- Single-ply membrane.
- Extruded polystyrene foam insulation.
- Water pervious fabric.
- Ballast of crushed stone or river bed gravel.

Pre-cast concrete pavers will be provided for traffic areas.

Sheet metal flashing will be provided in accordance with SMACNA's Architectural Sheet Metal Manual for copings, base and counter flashings and made of galvanized sheet steel per ASTM A 526.

9. SEALANTS AND CAULKING

A complete system of sealants and caulking of joints will be provided using multi-component, non-sag sealant for exterior vertical joints and multi-component, self-leveling sealant for horizontal joints.

10. METAL DOORS AND WINDOWS

Hollow metal doors and frames, aluminum entrance doors and frames, and rolling overhead doors will be provided in accordance with the contract documents.

Material for doors shall be flush design, 1 3/4" thick, seamless hollow construction without visible joints or seams on exposed faces of stile edges. Face sheets shall be cold-rolled, stretcher-leveled steel.

Hollow metal frames shall include door frames, transoms, side-lights, borrowed lights, etc. fabricated of full-welded unit construction, with corners mitered, reinforced for hardware selected.

Label doors and frames will be in accordance with applicable code.

Aluminum entrances shall be extruded aluminum sections from 6063-75 aluminum alloy. Corners shall be welded.

Frames shall be of matching standard tube material of depth required to meet local wind requirements.

Finishes shall be "hard coat" synthetic with selection by the Architect.

A steel roll-up type electrically operated overhead door will be provided in the loading dock area and shall be complete including door curtains guides, counter balance mechanisms, hardware, motors and wiring for electrical operation.

11. FINISHED HARDWARE

Installation of rough and finished hardware shall include hardware and reinforcements for hinges and pivots; locking devices; panic devices; door closers; holders and coordinators; stops, bumpers, silencers, etc. Miscellaneous door hardware will include push/pulls, kickplates, weatherstripping and thresholds.

12. EXTERIOR CURTAIN WALL

Materials for the exterior curtain wall will consist of spandrel facias, aluminum window frames and glass.

The structural design of the curtain wall shall be in accordance with building code requirements.

The window wall shall be pressure equalized system for structural glazing. Metal components shall be aluminum extrusions with a synthetic "Hard Coat" finish.

Curtain wall glazing shall include insulating glass comprising of hermetically sealed units with an inert air space between the exterior and interior lights of glass. Vertical joints will be sealed with silicone. Spandrel facias will consist of either "thoro-sealed" pre-cast concrete, granite aggregate faced pre-cast concrete, metal faced panels, in natural or "Hard-Coat" finish or spandrel glass installed as specified by the Architect.

13. FINISHES

Interior construction will be of steel stud and gypsum drywall meeting the requirements of the Gypsum Association Standards GA-203-71 and GA-216-82. Drywall construction shall be multi-layer as required to meet fire resistive requirements and shall be single layer in other areas. Joints between panels shall be taped leaving an even surface ready for decorative covering. Certain partitions will have sound attenuation blankets.

A suspended acoustical ceiling system will be provided using sound absorbing acoustic panels. Materials will be mineral fiberboard meeting noise reduction of .50 to .60 and flame spread of 0-25. No finished ceilings will be provided in mechanical and electrical rooms.

Where specified, vinyl asbestos floor tile shall be 12" x 12" x 1/8" as selected by the Architect.

Ceramic tile will be provided in toilets on floors and wet walls and shall be of the ceramic mosaic variety 1" x 1" x 1/4" thick.

Carpeting shall be installed where noted in the Contract Documents and shall be covered by an allowance.

Vinyl wall coverings shall be furnished and installed where specified.

All interior surfaces requiring painting shall receive two coats of paint of the type and color specified by the Architect.

14. SPECIALTIES

Specialties shall include toilet partitions, louvers, signs, directory, fire extinguishers and cabinets, toilet accessories, mounted mirrors, horizontal louver blinds, and entry floor mats in accordance with the following:

- Toilet partitions shall be ceiling hung with baked enamel finish.
- Louvers shall be continuous blade type (uninterrupted horizontal lines) fabricated from extruded aluminum and finished in "hard-coat" baked on coating. Insulating blank-off panels and bird screens shall be included where required.
- A building directory and other identifying signs will be provided.

- Fire extinguishers and recessed steel cabinets will be provided in accordance with the code.
- Toilet accessories will include tissue holders, sanitary napkin dispensers and disposals, grab bars, paper towel dispensers, waste receptacles and soap dispensers. All toilet accessories shall be fabricated from stainless steel.

Mounted mirrors shall be clear polished plate glass of mirror-glazing quality in stainless steel frames.

Louver blinds 1" wide, braided ladder type will be provided at all office space windows.

A carpet type, "walk off mat" will be provided at entrance doors.

15. ELEVATORS

All elevators will be designed and installed in accordance with American National Safety Code for Elevators and the local building ordinances.

Elevators shall generally be of the gearless variety 750 feet per minute with capacity of 3,500 pounds each. One cab will be designated for freight duty.

An automatic multi-car system will be provided using center opening doors on each floor.

16. HEATING, VENTILATING, AIR CONDITIONING AND TEMPERATURE CONTROL

A complete system of heating, ventilating, air conditioning and temperature control will be provided in accordance with design criteria established by the Architect. Conditioned air will be supplied from a central equipment system through variable volume air handling units and ductwork to those portions of the building requiring mechanical ventilation.

HEATING AND REFRIGERATION

Refrigeration will be provided from electrical refrigeration compressors located in a mechanical penthouse with adjoining evaporative condensers. A complete chemical water feed system will be provided together with make-up water piping. Motor starters will be Allen-Bradley, Square D or Westinghouse and combination fused magnetic motor starters will be provided for all motors 3/4" HP and larger. Thermal motor switches will be provided for all motors 1/2 HP and smaller.

A complete system of electrical perimeter resistance radiation shall be provided together with necessary controls. Duct electric heat coils shall be furnished for morning warm-up cycle.

PIPING SYSTEMS

A complete system of freon, suction, hot gas and liquid piping, valves, specialties, solenoid valves between compressors, evaporative condensers and cooling coils will be provided in accordance with sound engineering practice and local code requirements.

The necessary pressure gauges, thermometers, vibration isolation, flexible piping connections, inertia and concrete pads will be provided.

Valves, cocks and strainers will be provided in accordance with the Architect's specifications.

Supply air will be provided from units located in the penthouse and shall consist of filter bank, direct expansion cooling coil, and supply fans discharging into sheet metal duct shafts interconnected in the penthouse. At each floor a loop supply duct fed through fire dampers from each supply shaft will be provided. Variable air volume boxes, low pressure ductwork and grilles will supply building spaces, corridors, toilets, etc. Future VAV boxes and low pressure ductwork and grilles or diffusers for use in office tenant development areas will be provided as part of the tenant development work. A ceiling return plenum with fire dampers will connect to return air shafts at the central core. Exhaust return fans will be located in the penthouse discharging air back to the mixed air chamber and to exhaust louver. Separate toilet exhaust fan and equipment room exhaust fans will be provided.

DUCTWORK

All round and rectangular ductwork shall be galvanized sheet metal of construction and gages per current ASHRAE guide and SMACNA manual for system pressure and velocities involved.

Supply ducts will be lined with 1" high density acoustic material in the penthouse, supply shafts and out 5'-0" on tenant floor.

TERMINAL BOXES

Terminal boxes shall be variable volume, acoustically lined, pressure independent, with factory set but field adjustable maximum and minimum settings. Boxes shall be equipped with pneumatic temperature control and comparable to Titus, Carrier or Carnes.

GENERAL EQUIPMENT

Supply exhaust and recirculation fans shall be floor mounted, scroll type as manufactured by Buffalo, Barry, Twin City, Clarage, American Air Filter or Champion.

Belt drive utility sets for exhaust duty will be New York Blower, Peerless, Barry or Twin City.

Grilles, registers and diffusers will be Titus or Carnes. Spring vibration isolation and/or spring-inertia pads and concrete bases under fans will be by Mason Industries.

Filter pressure gages will be by Dwyer or Magnehelic.

Manual balancing dampers as well as fire dampers will be in accordance with NFPA 90A.

17. TEMPERATURE CONTROL

A complete system of temperature control will be provided for the building ventilation and the electric base board perimeter heating.

18. ELECTRIC WIRING

A complete system of electrical service for the building will be provided in accordance with the Contract Documents.

The work will include the main electric service for this installation from utility company transformers.

The utility company will furnish and install cable for the incoming service.

Transformer pads will be provided in accordance with utility company standards. Secondary service will be furnished and installed from the transformers. Services to the building shall be 120/208 V. 3 phase, 4 wire, 60 hertz for tenant spaces and 277/480 V. 3 phase, 4 wire, 60 hertz for building spaces. The necessary meter conduit and meters will be provided as required for the utility company metering equipment. A main switchboard will be provided for each service. The main and secondary service will be sized for required capacities. A ground bus will be provided for all sections.

Standard fluorescent lighting will be provided on the basis of approximately one, three tube fixture for each 70-75 s.f. of rentable area or the equivalent thereof. Parabolic reflectors may be used in lieu of acrylic lenses.

A system of utility outlets for standard office equipment will be provided as part of the tenant allowance. Generally, one duplex receptable will be provided for each 150 sq. ft. of rentable office space.

Exterior lighting standards will be in accordance with requirements determined by the Architect and will be mercury vapor or high pressure sodium. Wiring, foundations, etc. will be provided to accommodate the standards selected.

Emergency lighting will be provided in accordance with code requirements.

A combination of EMT "thin wall" conduit will be utilized in general where permitted by code. Heavy wall steel conduit will be used where required for other installations. Heavy wall aluminum conduit will be used for sizes greater than 2" diameter except where heavy wall steel is mandatory. Flexible connections will be "Greenfield" except where exposed to water, oil or installed out of doors. Boxes and fittings will be galvanized pressed steel. All wire types shall be THW or THHN. Wire will be appropriately sized for design requirements and all branch wiring shall be copper. Main electrical feeds may be copper or aluminum with the appropriate type of connectors as specified.

Provide a complete fire alarm system including smoke detectors, rate of rise detectors, supervisory control panel, emergency communication system all in accordance with NFPA and local codes.

19. PLUMBING

A complete system of plumbing fixtures, hardware and trim will be provided in accordance with the contract documents.

Also included will be the necessary floor drains, roof drains, hub and funnel drainages, cleanouts, hose bibbs, sillcocks, vacuum breakers, faucets, traps, valves, cocks, thermometers and pressure gages. Provide floor drains in each toilet room.

Plumbing fixtures, trims and faucets will be Kohler, American Standard or Crane.

Fixture carriers are to be Zurn, Josam or Smith.

Floor drains, roof drains, cleanouts and sillcocks will be Zurn, Josam or Smith.

Water closets and urinals will be wall hung.

Electric drinking fountains will be provided as required.

Unitized hot water heaters for domestic hot water will be provided in laboratory areas.

Domestic cold water service will be provided from the service main through valves and domestic water meter utilizing type "L" copper supply piping throughout the building. Domestic hot water supply will be type "L" copper with solder fittings. Downspout and storm sewer piping will be service weight case iron, screwed, caulked or approved resilient joints. Soil, waste and vent piping will be service weight cast iron, screwed, caulked or approved resilient joints. Exterior sanitary sewers including manholes and connections to sanitary sewer manholes will be provided. All vacuum breakers, hose bibbs shall be Chicago Faucet or approved equal.

20. FIRE PROTECTION

A complete fire protection system will be installed in accordance with local code requirements including sprinkler requirements of NFPA-101, NFPA-13, factory mutual and local Fire Department.

In general, sprinkler spacing will be for light hazard occupancy but greater density of sprinkler heads will be provided in more hazardous areas.

Sprinklers shall not be installed in electrical switchboard room, telephone closets and electric closets.

A Class I standpipe system installed per NFPA factory mutual and the local fire department will be installed.

Standpipe and sprinkler mains shall be combined to an extent permitted.

A factory mutual approved fire pump will be installed taking suction from the loop main via an underground water service and detector check valve.

A Jockey pump shall be installed to maintain water pressure.

Water flow and fire alarm indicators will be provided together with siamese connectors on the exterior of the building and a fire pump hose test discharge manifold.

Pendant type sprinkler heads will be provided in areas of suspended ceilings and upright sprinkler heads used in areas without finished ceilings.

Sprinkler systems will be equipped with supervisory switches.

Sprinkler mains will be installed initially and sprinkler heads and branch piping in tenant rental areas will be extended as part of tenant completion work.