

**GROUND LEASE**

**DATED AUGUST 1, 2002**

**BETWEEN**

**THE BOARD OF EDUCATION OF THE CITY OF CHICAGO  
AS LANDLORD**

**AND**

**PERSPECTIVES CHARTER SCHOOL  
AS TENANT**

**FOR PREMISES AT**

**1915 SOUTH FEDERAL STREET  
CHICAGO, ILLINOIS**

GROUND LEASE

TABLE OF CONTENTS

Paragraph

Page

1	Description of Real Property	1
2	Term	1
3	Lease Year	1
4	Reserved	1
5	Rental	1
6	Right to Terminate	2
7	Reserved	2
8	Improvements and Alterations	3
9	Covenant of Title and Quiet Enjoyment	6
10	Use	6
11	Maintenance and Repairs	7
12	Taxes and Assessments	7
13	Insurance	9
14	Utilities	10
15	Mechanic's Liens	10
16	Subletting and Assignment	11
17	Destruction	11
18	Condemnation	11
19	Default by Tenant	12
20	Reserved	15
21	Subordination-Hypothecation	15
22	Mortgage of Leasehold Estate	15
23	Successors and Assigns	16
24	Holding Over	16
25	Hazardous and Toxic Materials	16
26	Reserved	18
27	Attorney's Fees	18
28	Notices	18
29	Surrender	19
30	Waiver of Claims and Indemnity	19
31	Use of and Easements for Common Area	20
32	Miscellaneous	21

**GROUND LEASE**

**THIS GROUND LEASE** (hereinafter referred to as the "Lease") is made as of the first day of August, 2002, between **THE BOARD OF EDUCATION OF THE CITY OF CHICAGO** ("Landlord") and **PERSPECTIVES CHARTER SCHOOL**, an Illinois not-for-profit corporation ("Tenant").

1. Description of Real Property. Landlord, for and in consideration of the rent herein reserved and of the covenants and agreements herein contained on the part of the Tenant to be kept, observed and performed hereby leases to Tenant, and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property located in the City of Chicago, Cook County, Illinois generally described as the eastern portion of a triangular parcel bounded by South Federal Street, West 19<sup>th</sup> Street and South Archer Avenue, as depicted on Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Real Property"), together with all appurtenances, easements and rights of way pertaining thereto. The legal description of the Real Property is attached hereto as Exhibit "B" and made a part hereof.

2. Term. The original term of this Lease (hereinafter referred to as the "Term") shall commence on August 1, 2002. The term of this Lease shall end on June 30, 2042, unless sooner terminated pursuant to the provisions hereof. Notwithstanding the foregoing, if the Tenant's Charter is terminated for any reason or if Tenant otherwise ceases to operate, this Lease shall terminate on the date said Charter is so terminated or Tenant ceases such operations, in which event, the provisions of Section 22 of this Lease shall apply to such termination.

3. Lease Year. The term "Lease Year," as herein referred to, means a period of twelve (12) consecutive calendar months. The first Lease Year shall begin on August 1, 2002. Each succeeding Lease Year shall commence upon the anniversary date of the first Lease Year. The phrase "term of this Lease" or "Lease Term," as used herein, shall include all full Lease Years.

4. Reserved.

5. Rental.

A. Original Term Minimum Rent. In consideration of the leasing aforesaid, Tenant agrees to pay to Landlord, without offset or deduction and without notice or demand, the following minimum rent (herein referred to as "Minimum Rent") during the Term of this Lease:

<u>Period</u>	<u>Annual Minimum Rent</u>	<u>Monthly Minimum Rent</u>
August 1, 2002 to June 30, 2034	One Dollar (\$1.00) per annum or portion thereof	N/A
July 1, 2034 to June 30, 2042	\$250,000.00*	one-twelfth (1/12) of the Annual Minimum Rent

\*The Annual Minimum Rent and the Monthly Minimum Rent shall increase, on a cumulative basis, by three percent (3%) on July 1, 2035 and on each July 1<sup>st</sup> thereafter during the remainder of the term of this Lease.

The Monthly Minimum Rent shall be payable in advance in equal successive monthly installments on the first day of each calendar month or portion thereof included in the term of this Lease.

B. Payment of Rent. All Minimum Rent and any other charges payable hereunder shall be paid in such coin or currency of the United State of America as at the time of payment shall be legal tender for the payment of public and private debts and shall be payable to the Landlord at: 125 South Clark Street, Suite 1600, Chicago, Illinois 60603, or such other place as Landlord may from time to time designate in writing.

C. Late Rent. Any installment of Rent accruing under the provisions of this Lease, which shall not be paid on the due date thereof, shall bear interest at the Lease Interest Rate set forth in Paragraph 32H hereof, five (5) days after the date when the same is due until the same shall be paid. The term Rent when used in this Lease shall include Minimum Rent payable pursuant to this Paragraph 5 as well as all other charges described in this Lease. In addition, Tenant shall pay a late payment fee equal to five percent (5%) of the amount due if any payment of Rent is paid more than five (5) days after the date that same is due.

D. Net Lease. It is the purpose and intent of Landlord and Tenant that the Rent be absolutely net to Landlord so this Lease shall yield net, to Landlord, the rents specified in Paragraph 5 hereof for the entire Term of this Lease, and that all costs and expenses and obligations of every kind and nature whatsoever relating to the Real Property which may arise or become due during the term of this Lease shall be paid by Tenant, and that Landlord shall be indemnified from and against the same.

6. Right to Terminate. Tenant agrees to apply to the appropriate governmental authorities and use its best efforts to obtain such licenses, permits and any other administrative or governmental approvals (herein collectively called the "Permits") as may be necessary for Tenant's Work, as defined below, in accordance with Tenant's plans and specifications as such plans and specifications may be hereafter changed or modified by Tenant, provided that all such plans and specifications for Tenant's Work shall be submitted to Landlord for Landlord's approval. All plans and specifications for Tenant's Work shall be in compliance with applicable building and zoning ordinances and shall not violate any easements, covenants or restrictions of record.

After the execution of this Lease by the parties, Tenant agrees to begin permit drawings and to apply for the Permits without unreasonable delay and to diligently pursue the issuance thereof, and Landlord agrees to execute such documents and do such other things as Tenant may reasonably request in connection with applying for the Permits, provided that Landlord shall not be obligated for any costs or fees in connection with such application and shall incur no liability with respect thereto. Landlord may (but shall not be obligated to) terminate this Lease if the Permits are denied or not obtained on or before August 1, 2003; provided, however, that said date shall be extended for a period ninety (90) days (hereinafter referred to as the "Extension Period") on the conditions that: (a) Tenant is not in default under this Lease at the time of such extension) and (b) Tenant is in the process of resubmitting its application for a Permit in response to comments from the appropriate local governmental agency which has reviewed Tenant's application for a Permit and shall be similarly extended for additional ninety (90) days periods after the expiration of the first Extension Period on the same conditions.

7. Reserved.

8. Improvements and Alterations.

A. Construction of New Building and Additional Improvements. Tenant shall construct a new building ("New Building") on the Real Property as set forth in Exhibit "C" attached hereto and shall make other improvements to the Real Property consisting of a parking lot, recreational facilities and open space ("Additional Improvements") as set forth in Exhibit "D" attached hereto. The New Building and the Additional Improvements are collectively referred to herein as the "Tenant's Work". Tenant's Work shall be subject to the following terms and conditions:

- i) Tenant is hereby granted the right to utilize contractors of Tenant's own choice (hereinafter referred to as "Tenant's Contractor") to construct Tenant's Work in compliance with all applicable governmental laws, rules, statutes, ordinances and regulations, subject to Landlord's reasonable approval as to the qualifications of any such contractor. Prior to commencing any work, Tenant shall submit its Construction Budget; all tenant plans ("Tenant Plans") and written contracts for such work; together with financial information regarding Tenant's Contractor, to Landlord for approval. Landlord's approval of the foregoing shall not be unreasonably withheld or delayed and such approval shall be deemed to have been given if Landlord does not deny its approval of any or all of the foregoing within sixty (60) days after the same are delivered to the Landlord by the Tenant. All installations, alterations and additions shall be in accordance with the Tenant's Plans and shall be constructed in a good and workmanlike manner and only new and good grades of material shall be used. Tenant shall permit the Chicago Public School's Department of Operations ("Landlord's Supervisor"), at Landlord's sole cost and expense, to observe all construction operations performed by Tenant's Contractor. The Tenant shall be required, at its sole cost and expense, to provide for its own supervision of the Tenant's Contractor. No silence or statement by the Landlord's Supervisor shall be deemed or construed as an assumption by said Landlord's Supervisor or the Landlord of any responsibility for or in relation to the construction of Tenant's Work or any guarantee that the Tenant's Work complies with laws, complies with Tenant's Plans, or is suitable or acceptable to the Tenant for Tenant's intended business purposes. Tenant shall, prior to commencement of any installations, alterations or additions and Tenant's Work, furnish to Landlord, contractor's affidavits identifying all labor and material to be expended and used in Tenant's Work.
- ii) The cost of all work necessary to construct the Tenant's Work (including, but not limited to, all labor, material, and Permits) and to pay architectural fees, permit fees, and engineering fees shall be the responsibility of the Tenant.
- iii) Tenant, at its sole cost and expense, shall file all necessary plans with the appropriate governmental authorities having jurisdiction over Tenant's Work. Tenant shall be responsible for obtaining all Permits necessary to perform and complete Tenant's Work. Tenant shall not commence Tenant's Work until the required Permits for such work are obtained and delivered to Landlord. Landlord agrees to reasonably cooperate with Tenant in connection with Tenant's procurement of the necessary Permits required to complete Tenant's Work.

- iv) At all times, the Landlord and Landlord's Supervisor shall have access to the Tenant's Work wherever it is in preparation or progress for the purpose of observing and reviewing the same; provided, however, Landlord shall not unreasonably interfere with the performance of Tenant's Work in connection with any such observations or review.
- v) Tenant shall, at all times, keep the Real Property and adjacent areas free from accumulations of waste materials or rubbish caused by its suppliers, contractors or workmen. Landlord may require daily clean-up and reserves the right to do clean-up at the expense of Tenant if Tenant fails to comply with Landlord's reasonable cleanup requirements. At the completion of Tenant's Work, Tenant's Contractor shall forthwith remove all rubbish and all tools, equipment and surplus materials from and about the Real Property and the New Building. After written notice from Landlord, any damage caused by Tenant's Contractor to any property of Landlord shall be repaired forthwith to its condition prior to such damage by Tenant at Tenant's sole cost and expense.
- vi) Tenant and Tenant's Contractor shall assume responsibility for the prevention of accidents to its agents and employees and shall take all reasonable safety precautions with respect to the work to be performed and shall comply with all reasonable safety measures initiated by the Landlord and with all applicable laws, ordinances, rules, regulations and orders applicable to the Tenant's Work, including those of any public authority for the safety of persons or property. Tenant shall advise Tenant's Contractor to report to the Landlord any injury to any of its agents or employees and shall furnish Landlord a copy of the accident report filed with its insurance carrier within three (3) days of its occurrence.
- vii) Tenant expressly agrees that none of its agents, contractors, workmen, mechanics, suppliers or invitees shall enter the Real Property unless and until each of them shall furnish Landlord with satisfactory evidence of insurance coverage, financial responsibility and appropriate written releases of mechanics' lien claims (if available) and Tenant agrees that, subject to Tenant's right to contest set forth in Sections 8 C and 15 hereof, no liens shall attach to the Real Property as a result thereof.
- viii) Landlord may, but shall be under no obligation to, observe the construction of the Tenant's Work at any time, provided that no liability shall be imposed or asserted against Landlord by reason of such observation. Tenant and its contractors shall permit Landlord and its agents reasonable access to all aspects of construction of Tenant's Work and Landlord agrees not to interfere with the Tenant's Work as a result of the rights granted under this subsection 8 (A) (viii).
- ix) Prior to the commencement of the Tenant's Work, Tenant shall provide Landlord with evidence, fully prepaid, of workers compensation, builders risk, and general liability insurance naming Landlord as an additional insured thereunder in amounts and written by companies reasonably satisfactory to Landlord.

- x) To the extent permitted by law, except for the gross negligence or wilful misconduct of Landlord, Tenant shall indemnify and hold harmless the Landlord, its employees, agents, board members, invitees, licensees, or others, from and against all claims, damages, liabilities, losses and expenses of whatever nature (including but not limited to court costs and reasonable attorneys' fees), bodily injury to persons or damage to property of the Landlord, its employees, agents, board members, invitees, licensees, or others, arising out of or resulting from the violation by Tenant of any of the terms and provisions of this Section 8 (A) and/or the performance of the Tenant's Work by the Tenant or Tenant's Contractor.
- xi) Before commencement of the Tenant's Work, Tenant shall, at Tenant's sole cost and expense, furnish to Landlord a surety company performance and payment bond, issued by a surety company acceptable to Landlord, in an amount at least equal to the estimated cost of the Tenant's Work, guaranteeing the completion and payment thereof within a reasonable time, free and clear of all liens, encumbrances, chattel mortgages, conditional bills of sale, and other charges, and in accordance with the plans and specifications approved by Landlord.
- xii) Tenant agrees to cause all of the Tenant's Work to be completed in a manner which will result in the least amount of disturbance as possible to the public school which Landlord intends to operate on the site adjoining the Real Property, which site is depicted on Exhibit "A".

B. Completion of Tenant's Work. Tenant shall promptly commence the construction of the Tenant's Work and shall use its best efforts to complete construction thereof on or before September 1, 2004. Upon the completion of the Tenant's Work, Tenant shall deliver to Landlord a complete set of the "as built" plans and specifications of the Tenant's Work, the current certificate of the architect who prepared said plans and specifications stating that the Tenant's Work has been constructed in accordance with the final plans and specifications approved by the Landlord and that it complies with the building and zoning laws of the City of Chicago, Illinois, in force at the time Permits are issued.

C. Cost of and Payment for Tenant's Work. Tenant covenants and agrees that the cost of construction of Tenant's Work and any off-site improvements pertaining to or required for the operation of the Tenant's Work shall be no less than Four Million Dollars (\$4,000,000.00) and will be paid for in full within sixty (60) days after the work has been completed, except that Tenant shall have the right to contest any bill for labor, materials or services furnished or supplied in connection with said construction and to postpone payment or any amount claimed to be due thereon until the termination of any proceedings taken in regard thereto; provided, however, that Tenant shall first deposit and maintain with Landlord sufficient funds or securities reasonably acceptable to Landlord in amount satisfactory to Landlord to insure payment of any contested amount pursuant to the provisions of Paragraph 15 hereof.

D. Subsequent Alterations or Renovations. After completion of the Tenant's Work, Tenant shall have the further right to alter or renovate the New Building and the other improvements on the Real Property, subject to the following:

- i) No change or alteration shall be undertaken without the prior written consent of Landlord, such consent not to be withheld if the change or alteration would not, in the

reasonable opinion of Landlord, impair the value, rental value, rentability or usefulness of the improvements or any part thereof for a public school;

ii) No change or alteration shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required from time to time, all Permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction. Landlord shall join in the application for such Permits or authorizations whenever such action is necessary, but without any liability or expense to Landlord;

iii) No structural change or alteration shall be made except in accordance with plans and specifications approved in writing by Landlord, and such approval by Landlord shall not be unreasonably withheld;

iv) Any change or alteration shall be made promptly and in a good and workmanlike manner and in compliance with all applicable Permits and authorizations and building and zoning laws and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, any national or local Board of Fire Underwriters, or any other body hereafter exercising functions similar to those of any of the foregoing;

v) The cost of any such change or alteration shall be paid in cash or its equivalent so that the Real Property shall at all times be free of liens for labor and materials supplied or claimed to have been supplied to the Real Property; and

vi) Evidence of insurance and of compliance with the requirements described in Subparagraph A above shall be provided to Landlord.

9. Covenant of Title and Quiet Enjoyment. Landlord represents and warrants to Tenant that the Public Building Commission of Chicago is the owner of the Real Property, in trust for the benefit of the Landlord, and Landlord represents and warrants to Tenant that Landlord has full right and authority to enter into this Lease; and Landlord covenants that for and during the term of this Lease and any extensions or renewals thereof Landlord will not cause or suffer anything to be done which will impair Tenant's leasehold interests and rights hereunder. Landlord further covenants that, as long as Tenant fulfills the conditions and covenants required of it to be performed under this Lease, Tenant will have peaceful and quiet possession of the Real Property.

10. Use. Tenant shall use the Real Property for the purpose of operating a charter school facility only and for no other purpose. During the term of this Lease, Tenant agrees that, except for summer recess and school holidays, it shall continuously and uninterruptedly conduct the operation of a charter school on the Real Property and be open for business and continuously remain open for business at least those days and hours which are customary for schools of like character in the area in which the Real Property is situated, except when the Real Property is not tenantable by reason of fire or other casualty or if Tenant's charter school is closed temporarily by strikes, lockouts or similar causes beyond the reasonable control of Tenant. Tenant shall not use or occupy the Real Property or permit the Real Property to be used or occupied contrary to any statute, rule, order, ordinance, requirement, regulation or restrictive covenant applicable thereto or in any manner which would violate any certificate of occupancy effecting the same or which would render the insurance thereon void or the insurance risk more hazardous, or which would cause structural injury to the Tenant's improvements or cause the value or usefulness of the Real Property or any part thereof



to diminish or which would constitute a public or private nuisance or waste, and Tenant agrees that it shall, promptly upon discovery of any such use, take all necessary steps to compel the discontinuance of such use.

11. Maintenance and Repairs. Tenant covenants and agrees, at its sole cost and expense, at all times during the term of this Lease to maintain and keep the Real Property and all improvements now or hereafter located thereon in a clean and orderly condition in compliance with all applicable laws, statutes, ordinances and regulations and to make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary and foreseen and unforeseen. Landlord shall not be required to furnish any service or make any repair or replacement to the Real Property or any improvement thereon. All such repairs and replacement shall be of a first class quality and sufficient for the proper maintenance and operation of the Real Property. Tenant shall keep and maintain the improvements at any time situated upon the Real Property and all sidewalks and parking areas, safe, secure and clean, specifically including, but not by way of limitation, snow and ice clearance, landscaping and removal of waste and refuse matter. Tenant shall not permit anything to be done upon the Real Property (and shall perform all maintenance repairs thereto so as not) to invalidate, in whole or in part, or prevent the procurement of any insurance policies which may, at any time, be required under the provisions of this Lease. Tenant shall not obstruct or permit the obstruction of any parking area, adjoining street or sidewalk, except for delivery trucks on a temporary basis in the ordinary course of Tenant's business. If Tenant fails to maintain the Real Property in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to maintain the Real Property. Except as provided below, if Tenant fails promptly to commence such work or diligently perform the same to completion within thirty (30) days after notice from Landlord, Landlord may, but is not obligated to, do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Notwithstanding the foregoing, if such repair cannot, with due diligence be completed within said thirty (30) day period, Landlord shall refrain from doing such acts and expending such funds if Tenant cannot complete such repairs within such thirty (30) day period and Tenant is diligently proceeding to perform the same to completion. Any amounts so expended by Landlord shall be paid by Tenant promptly after demand with interest at the Lease Interest Rate from the date of such work. Landlord shall owe no liability to Tenant for any damage, inconvenience or interference with the use of the Real Property by Tenant as a result of performing any such work or by reason of making the repairs required by this Paragraph 11.

12. Taxes and Assessments.

A. Tenant further agrees to pay as additional rent for the Real Property all taxes and assessments, general and special, water rates, sewer rates, occupancy taxes, license and permit fees and all other impositions, ordinary and extraordinary, of every kind and nature whatsoever, which may be levied, assessed or imposed upon the Real Property or levied or assessed upon the interest of the Landlord in or under this Lease or on any improvements to or property located upon the Real Property, accruing and becoming due and payable during the term of this Lease, and also all unpaid installments now accrued or due, or accruing and becoming due and payable during the Term, of special assessments levied against the Real Property for improvements completed or not yet completed, all of which said water rates, taxes, assessments and other impositions (herein called "Impositions") shall be paid by the Tenant before they shall respectively become delinquent and in any case within apt time to prevent any sale or forfeiture of the Real Property therefor or for any part thereof; provided, however, that the Impositions levied against the Real Property for the first and last calendar years of the Term, or any renewal term, shall be prorated between the Landlord and the Tenant on the basis of the then last available tax bills. After the expiration of the Term hereof, including any extensions thereof, Landlord and Tenant hereby agree to reprorate the Impositions. In the event of any increase in the Impositions from the amount reflected on the proration made on the expiration of the Term of this Lease, Tenant agrees to immediately pay to Landlord such amounts as reflected by such

reproportion. In the event of any decrease in the Impositions from the amount reflected on the proration made on the expiration of the Term of this Lease, Landlord shall refund such amounts to Tenant. The Tenant may take the benefit of the provisions of any statute or ordinance permitting any assessments to be paid over a period of time, provided that the entire amount of such assessment shall be paid by the Tenant no later than the expiration of the Term of this Lease, except that if any installments for assessments shall be due and payable subsequent to the expiration date of this Lease, the balance of said assessments shall be prorated between the parties hereto as of said expiration date. Upon Landlord's request, Tenant shall exhibit to Landlord paid receipts evidencing that all of the above impositions have been fully paid.

B. If, at any time during the term of this Lease, the method of taxation shall be changed or altered so that in lieu of, in addition to, or as a substitute for the whole or any part of the taxes now levied or imposed on the Real Property, there shall be levied, assessed or imposed (i) a tax on the Rents received from the Real Property and/or, (ii) a license fee measured by rents receivable by Landlord from the Real Property or any portion thereof, and/or, (iii) a tax or license fee imposed upon Landlord which is otherwise measured by or based in whole or in part upon the Real Property or any portion thereof, then the same shall be included in the definition of impositions under the provisions of this Section 12.

C. It is mutually covenanted and agreed that nothing herein contained shall be construed to require the Tenant to pay any franchise, inheritance, estate, succession or transfer tax of the Landlord or any income or excess profits tax assessed upon or in respect of the income of the Landlord unless such tax shall be specifically levied against the income of the Landlord derived from the rent payable pursuant to this Lease, all of which taxes so specifically levied the Tenant covenants and agrees to pay as so much additional rent as and when the same become due and payable; provided, however, that if the amount or rate of any such income or excess profits taxes so levied against the income of the Landlord, as a specific substitute for the taxes on the Real Property or any part thereof, shall be increased by reason of any other income received or property owned by the Landlord, then the Tenant shall not be obligated to pay such increased amount but only such tax as the Landlord would be obligated to pay in case it derived no income from any source other than the Real Property hereby demised.

D. It is further agreed that the Landlord shall, at its option, have the right at all times during the term hereof to pay any Impositions remaining unpaid after the same shall have become delinquent, and to pay, cancel and clear off all tax sales, liens, charges and claims upon or against the Real Property, and to redeem the Real Property from the same or any of them from time to time, and the amounts so paid, including reasonable expenses, shall be so much additional rent due from the Tenant to the Landlord at the rent day after any such payment, with interest thereon at the Lease Interest Rate set forth in Paragraph 32 H hereof from the date of payment thereof by the Landlord until the repayment thereof by the Tenant to the Landlord.

E. All other provisions of this Lease to the contrary notwithstanding, Tenant shall not be required to pay, discharge or remove any Imposition so long as Tenant shall in good faith and with due diligence contest the same or the validity thereof by appropriate legal proceedings which shall have the effect of preventing the collection of the Imposition so contested and the sale or forfeiture of said property or any part thereof or any interest therein to satisfy the same. Pending the diligent prosecution of any such legal proceedings, Landlord shall not have the right to pay, remove or discharge the Imposition so diligently contested.

F. If Tenant, at any time, institutes suit to recover any Imposition paid by Tenant under protest in Landlord's name, Tenant shall have the right, at its own sole expense, to institute and prosecute

such suit or suits in Landlord's name, in which event Tenant covenants and agrees to indemnify Landlord and save it harmless from and against all costs, charges or liabilities in connection with any such suit. All funds recovered as a result of any such suit shall belong to Tenant.

G. Landlord shall use its best efforts to have the Real Property assessed and billed separately as an individual tax parcel. Until such tax subdivision is accomplished, Tenant shall, within ten (10) days after presentation of a copy of the applicable tax bill and breakdown thereof, pay that portion of the tax bill attributable to the Real Property as reasonably determined by Landlord based on records maintained by the Cook County Assessor's Office for valuation of the Real Property including land and buildings thereon.

H. As security for the obligations contained in Subparagraph 12A, Tenant shall deposit monthly with Landlord, or such other entity as Landlord may designate, on the first day of each and every month of the Term, a sum equal to 1/12th of the Landlord's estimate of the current amount of the Impositions, which monthly deposits need not be kept separate and apart by Landlord and shall be held by Landlord in such account or accounts as may be authorized by the then current state or federal banking laws, rules or regulations and which monthly deposits shall be used as a fund to be applied, to the extent thereof, to the payment of said Impositions as the same become due and payable. Tenant shall not be entitled to interest on said fund.

13. Insurance. Tenant shall, at its sole expense, carry insurance during the entire Term hereof insuring Tenant, and insuring, as additional named insured, Landlord, any beneficiary of Landlord, and their agents, partners, board members, and employees, as their interests may appear, with terms, coverages and written by companies reasonably satisfactory to Landlord, and with such increases in limits as Landlord may from time to time reasonably request, but initially Tenant shall maintain the following coverages in the following amounts:

A. Building casualty insurance including loss by fire and lightning, the risks covered by what is commonly known as extended coverage, malicious mischief and vandalism, and all other risks of direct physical loss, for not less than its or their full replacement value on the replacement form basis, or any additional amount sufficient to prevent Landlord or Tenant from becoming a co-insurer within the terms of the applicable policies.

B. Rent loss insurance insuring Landlord against loss of rents due to the occurrence of any casualty or hazard in the amount of all rent payments, taxes, assessments and insurance payments required hereunder for a twelve (12) month period.

C. Comprehensive public liability insurance, including the broad or extended liability endorsement, during the entire term of this Lease with terms and in companies satisfactory to Landlord to afford protection to the limits of not less than \$2,000,000 for combined single limit personal injury and property damage liability per occurrence.

D. Insurance against fire, sprinkler leakage, vandalism, and the extended coverage perils for the full insurable value of all contents of Tenant within the Real Property, and of all furniture, trade fixtures, equipment, and all other items of Tenant's property on the Real Property.

E. Dram Shop insurance as reasonably required by Landlord in the event that alcoholic beverages are ever sold or dispensed at the Real Property.

F. Workmen's Compensation Insurance, Scaffolding Act Coverage, or other insurance against liability arising from claims of workmen whenever any work is being performed to the Real Property.

Tenant shall, prior to the commencement of the Term, and during the Term, thirty (30) days prior to the expiration of the policies of insurance, furnish to Landlord certificates evidencing such coverage, which certificates shall state that such insurance coverage may not be changed or canceled without at least thirty (30) days' prior written notice to Landlord and Tenant. Tenant agrees to have all fire and extended coverage and material damage insurance which Tenant may carry endorsed with a clause providing that any release from liability of or waiver of claim for recovery by the Tenant prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder, and providing further that the insurer waives all rights of subrogation which such insurer might have against the Landlord. Without limiting any release or waiver of liability or recovery contained in any other Paragraph of this Lease, but rather in confirmation and furtherance thereof, Tenant waives all claims for recovery from Landlord, any beneficiaries of Landlord and the managing agent of the Landlord and their respective agents, board members, partners and employees, for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance policies. Notwithstanding the foregoing or anything contained in this Lease to the contrary, any release or any waiver of claims shall not be operative, nor shall the foregoing endorsements be required, in any case where the effect of such release or waiver is to invalidate insurance coverage or invalidate the right of the insured to recover thereunder or increase the cost thereof (provided that, in the case of increased cost, Landlord shall have the right, within ten (10) days following written notice, to pay such increased cost, thereby keeping such release or waiver in full force and effect).

14. Utilities. Tenant agrees to pay all charges for water, gas, electricity and other utilities incurred by Tenant in connection with the Real Property. Landlord shall not be liable for damages or otherwise for any failure or interruption of any utility service being furnished to the Real Property and no such failure or interruption shall entitle Tenant to abate Rent or terminate this Lease.

15. Mechanic's Liens. It is expressly covenanted and agreed by and between the parties hereto that nothing in this Lease contained shall authorize Tenant to do any act which shall in any way encumber the title of Landlord in and to the Real Property, nor shall the interest or estate of the Landlord in the Real Property be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant, and any claim to or lien upon the Real Property arising from any act or omission of Tenant shall accrue only against the leasehold estate of Tenant and Tenant's interest therein and shall in all respects be subject and subordinate to the paramount title and right of Landlord in and to the Real Property. Tenant shall not permit the Real Property to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to the Tenant in connection with work of any character performed or claimed to have been performed on the Real Property by or at the direction or sufferance of the Tenant; provided, however, that Tenant shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claimed lien if Tenant shall cause a title company to insure over such lien or give to the Landlord such reasonable security as may be demanded by the Landlord to insure payment and to prevent any sale, foreclosure or forfeiture of the Real Property by reason of non-payment thereof. On final determination of the lien or claim for lien, the Tenant shall immediately pay any judgment rendered together with all costs and other charges and shall at its own expense have the lien released and any judgment satisfied.

If Tenant shall fail to contest the validity of any lien or claimed lien, or failed to have given security to Landlord to insure payment thereof, or having commenced to contest the same, and having given

such security, shall fail to prosecute such contest with diligence, or shall fail to have the same released and satisfy any judgment rendered thereon, then Landlord may, at its election (but shall not be required to do so), remove or discharge such lien or claim for lien (with the right, in its discretion, to settle or compromise the same) and any amounts advanced by Landlord for such purposes shall be so much additional rental due from Tenant to Landlord at the next rent day after any such payment, with interest at the Lease Interest Rate set forth in Paragraph 32H hereof until the repayment thereof by Tenant to Landlord.

Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied by inference or otherwise, to any contractor, subcontractor, laborer, materialman, architect or engineer for the performance of any labor or the furnishing of any materials or services for or in connection with the Real Property or any part thereof. Notice is hereby given that Landlord shall not be liable for any labor or materials or services furnished or to be furnished to Tenant upon credit, and that no mechanics or other lien for any such labor, materials or services shall attach to or affect the fee or reversionary or other estate or interest of Landlord in the Real Property or in this Lease.

16. Subletting and Assignment. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage or otherwise encumber all or any part of Tenant's interest in this Lease or in the Real Property, and shall not sublet or license all or any part of the Real Property, without the prior written consent of Landlord in each instance, and any attempted assignment, transfer, mortgage, encumbrance, subletting or license without such consent shall be wholly void.

No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its obligations to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment, subletting or other transfer. Consent to one assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer. Tenant shall pay any costs (including reasonable attorney's fees) incurred by Landlord in reviewing any request for permission to assign or sublease.

17. Destruction. Tenant covenants and agrees that in case of damage to or destruction of the Real Property or any improvement located thereon, by fire or other casualty, it will promptly at its own expense repair, restore or rebuild the same, so that upon the completion of such repairs, restoration or rebuilding, the value and rental value of the Real Property and improvements shall be substantially equal to the value and rental value thereof immediately prior to the happening of such fire or other casualty. Rent and all other charges payable by Tenant hereunder shall not abate during the period of such repair, restoration or rebuilding and during any period that the improvements are not tenantable because of such damage or destruction.

18. Condemnation. A. If the whole of the Real Property shall be permanently taken, condemned or title thereto acquired by the exercise of the power of eminent domain (hereinafter referred to as "Proceeding") by any person or corporation, municipal, public, private or otherwise, during the Term hereof, then and in that event, the Term of this Lease shall terminate from the date when possession of the Real Property shall be acquired for such use or purpose, and Landlord shall be entitled to and receive the entire award, compensation or damages (hereinafter sometimes called the "Award") made in such Proceeding, and Tenant hereby assigns such Award to Landlord in trust to be dealt with as between Landlord and Tenant as hereinafter in Subparagraph D hereof provided.

B. If, during the term of this Lease, less than the entire Real Property shall be taken in any such Proceeding, Tenant shall, nevertheless, continue to perform and observe all of the terms, covenants and conditions of this Lease upon the part of Tenant to be performed and observed, as though such taking had not occurred, except that from and after the date of vesting of title, a just and appropriate part of the Rent, according to the nature and extent of the taking, shall be abated. Landlord shall be entitled to and shall receive the total Award made in any such Proceeding and Tenant hereby assigns such Award to Landlord, in trust to be dealt with as between Landlord and Tenant as hereinafter in Subparagraphs C and D provided. In the case of a taking of the character in this Subparagraph B described, if the Real Property cannot be repaired, restored or replaced to an economically useful unit, Tenant shall notify Landlord within ninety (90) days after the vesting of title in such Proceeding of such claim and this Lease shall terminate as of the date of the vesting of title in the Proceeding.

C. If less than the entire Real Property shall be taken in such Proceeding, and it shall have been determined that the improvements on the Real Property can be so repaired, restored or replaced to an economically useful unit, Tenant agrees, at Tenant's sole cost and expense (subject to reimbursement to the extent hereinafter provided), promptly to restore, repair and replace (hereinafter referred to as "Restoration") said improvements not so taken to a complete architectural unit of substantially the same usefulness, design and construction, having regard to the taking, as immediately before such taking. Landlord agrees, in connection with such Restoration, to apply the net amount of that portion of the whole Award made in the Proceeding attributable to physical damage to said improvements that may be received by it toward the payment of the cost of such Restoration (but the amount so applied shall not, however, include the cost of any alteration, construction, change or improvement that Tenant may desire to make that is not related to the restoration of that portion of said improvements not so taken to a complete architectural unit of substantially the same usefulness, design and construction as immediately before such taking), and, provided, Tenant is not in default hereunder, said portion of the whole Award shall be paid to Tenant upon the completion of such Restoration upon receipt by Landlord of evidence reasonably satisfactory to Landlord that said work is completed and all costs thereof have been paid in full.

D. If all or a portion of the Real Property shall be taken by exercise of the right of eminent domain, and this Lease is terminated by virtue thereof, Landlord shall pay to Tenant a portion of the total Award in the Proceeding, reduced by the expenses incurred by Landlord in connection with such Proceeding, including reasonable attorney's fees, equal to the unamortized cost of the improvements constructed by Tenant on the Real Property as amortized over the Term.

19. Default by Tenant. Tenant agrees that any one or more of the following events shall be considered events of default as said term is used herein:

(a) If an order, judgment or decree shall be entered by any court adjudicating the Tenant a bankrupt or insolvent, or approving a petition seeking reorganization of the Tenant or appointing a receiver, trustee or liquidator of the Tenant, or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days; or

(b) Tenant shall file an answer admitting the material allegations of a petition filed against the Tenant in any bankruptcy, reorganization or insolvency proceeding or under any laws relating to the relief of debtors, readjustment or indebtedness, reorganization, arrangements, composition or extension; or

(c) Tenant shall make any assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver, trustee or liquidator of Tenant, or any of the assets of Tenant; or

(d) Tenant shall file a voluntary petition in bankruptcy, or shall admit in writing its inability to pay its debts as they come due, or shall file a petition or an answer seeking reorganization or arrangement with creditors or take advantage of any insolvency law; or

(e) A decree or order appointing a receiver of the property of Tenant shall be made and such decree or order shall not have been vacated within sixty (60) days from the date of entry or granting thereof; or

(f) Tenant shall abandon the Real Property during the Term hereof; or

(g) Tenant shall default in making any payment of Minimum Rent when due as herein provided; or

(h) Tenant shall repeatedly be late in the payment of Minimum Rent or other Rent required to be paid hereunder or shall repeatedly default in the keeping, observing or performing of any other covenants or agreements herein contained to be kept, observed or performed by Tenant (the term "repeatedly" shall mean the same or similar default occurring three (3) times in any Lease Year);

(i) Tenant shall be in default of any monetary obligation (except Minimum Rent for which no notice shall be required hereunder as provided in paragraph 19 (g) above) after ten (10) days of written notice from Landlord or is in default in the performance of any non-monetary agreements, terms, covenants or conditions in this Lease (other than those referred to in the foregoing subparagraphs (a) through (h) of this Subparagraph) for a period of thirty (30) days after notice from Landlord to Tenant specifying the items in default, or in the case of a default which cannot, with due diligence, be cured within said thirty (30) day period, Tenant fails to proceed within said thirty (30) day period to cure the same and thereafter to prosecute the curing of such default with due diligence (it being intended in connection with a default not susceptible of being cured with due diligence within said thirty (30) day period that the time of Tenant within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence); or

(j) An uncured Event of Default shall occur under any financing secured by the Tenant under Section 22 of this Lease and the holder of the Indebtedness accelerates the payment of the Indebtedness.

Subject to the cure rights of Tenant's mortgage or other holder of indebtedness as provided in Section 22 below, upon the occurrence of any one or more events of default hereunder, Landlord may at its election terminate this Lease or terminate Tenant's right to possession only, without terminating this Lease. Upon termination of this Lease or of Tenant's right to possession, Tenant shall immediately surrender possession and vacate the Real Property and deliver possession thereof to Landlord, and Landlord or Landlord's agents may, subject to applicable laws, immediately or any time thereafter without notice, re-enter the Real Property and remove all persons and all or any property therefrom, either by any suitable action or

proceeding at law or equity and repossess and enjoy the Real Property, together with all additions, alterations and improvements thereon, together with the right to receive all income of, and from, the Real Property.

If the Landlord elects to terminate the Tenant's right to possession only, without terminating this Lease, Landlord may, at the Landlord's option, subject to applicable laws, enter into the Real Property, remove the Tenant's signs and other evidences of tenancy, and take and hold possession thereof as hereinabove provided, without such entry and possession terminating this Lease or releasing the Tenant, in whole or in part, from the Tenant's obligations to pay the Rent hereunder for the full Term or from any other obligations of the Tenant under this Lease. Landlord may, but shall be under no obligation to, relet all or any part of the Real Property for such rent and upon terms as shall be satisfactory to Landlord (including the right to relet the Real Property for a term greater or lesser than the remainder of the Term of this Lease, the right to relet the Real Property as a part of a larger area, the right to change the character or use made of the Real Property and the right to grant concessions or free rent). For the purpose of such reletting, Landlord may decorate or make any repairs, changes, alterations, or additions in or to the Real Property that may be necessary or desirable. If Landlord does not relet the Real Property, Tenant shall pay to Landlord damages equal to the amount of the Rent, and other sums provided herein to be paid by Tenant for the remainder of the original Term. If the Real Property is relet and a sufficient sum shall not be realized from such reletting after payment of all reasonable expenses of such decorations, repairs, changes, alterations, additions and the expenses of repossession and such reletting, and the collection of the rent herein provided and other payments required to be made by Tenant under the provisions of this Lease for the remainder of the Term of this Lease then, in such event, Tenant shall pay to Landlord on demand any such deficiency and Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this paragraph from time to time, and all costs and expenses of Landlord, including attorneys' fees, incurred with any such suit shall be paid by Tenant.

If Tenant, at any time, fails to do any act or make any payment required to be done or made by it under the provisions of this Lease, Landlord, at its option, may (but shall not be required to) do the same or cause the same to be done, and the amounts paid by Landlord in connection therewith shall be so much additional rent due on the next date after such payment, together with interest at the Lease Interest Rate set forth in Paragraph 32H hereof from the date of payment.

No remedy contained herein or otherwise conferred upon or reserved to Landlord, shall be considered exclusive of any other remedy available to Landlord, but the same shall be cumulative and shall be in addition to every other remedy given herein, now or hereafter existing at law or in equity or by statute and every power and remedy given by this Lease to Landlord may be exercised from time to time and as often as occasion may arise or as may be deemed expedient. No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein.

No waiver of any breach of any of the covenants of this Lease shall be construed, taken or held to be a waiver of any other breach, or a waiver, acquiescence in or consent to any further or succeeding breach of the same covenant. The acceptance by Landlord of any payment of rent or other sums payable hereunder after the termination by Landlord of this Lease or of Tenant's right to possession hereunder shall not, in the absence of agreement in writing to the contrary by Landlord, be deemed to restore this Lease or Tenant's right to possession hereunder, as the case may be, but shall be construed as a payment on account and not in satisfaction of damages due from Tenant to Landlord. Except for any obligation of either party which expressly survives the termination of this Lease, notwithstanding anything to the contrary in this Section 19 or elsewhere in this Lease and, upon the occurrence of a Tenant default under Section 19 (j)



above: (i) the provisions of Section 22 below shall govern Landlord's ability to terminate this Lease; (ii) after notice and opportunity to cure as provided under Section 22 below, if the default remains uncured, this Lease shall terminate without any further action by either of the parties; (iii) each party shall be obligated to pay such portion of the Indebtedness set forth in Section 22 below; and (iv) except for enforcement of the provisions of Section 22, which shall survive the termination of this Lease, the parties shall have no further rights or obligations to each other under this Lease.

20. Reserved.

21. Subordination-Hypothecation. At the request of Landlord, Tenant agrees to subordinate, in a written instrument, its interest in the Lease to the lien of any mortgage or deed of trust covering the Real Property, provided that said instrument of subordination shall in no way amend or change the terms of this Lease and provided further that the lien holder simultaneously agrees in the same instrument that the said lien holder or anyone claiming by, through or under same, shall not disturb, or cause to be disturbed, Tenant's peaceful possession of the Real Property during the term of this Lease or any renewal or extension thereof, as long as there is not in existence a default of Tenant which would permit Landlord to terminate this Lease.

22. Mortgage of Leasehold Estate. Notwithstanding the provisions of Section 16 above, Tenant may encumber its interest in the leasehold estate, subject to the terms of this Section 22. The maximum amount of indebtedness that Tenant may incur in any instrument, secured in whole or in part by its leasehold estate, shall be the sum of Five Million Five Hundred Thousand and 00/100 Dollars (\$5,500,000.00), referred to in this Lease as the "Indebtedness", and said Indebtedness shall only be allowed in order to pay for the Tenant's Work, which shall include all soft costs and equipment, interest expense, and other expenses in Tenant's Construction Budget. Prior to obtaining said financing, Tenant shall submit a copy of its financing commitment to the Landlord for the Landlord's prior approval thereof, which shall not be unreasonably withheld or delayed and such approval shall be deemed to have been given if Landlord does not deny its approval within thirty (30) days after the financing commitment is delivered to the Landlord by the Tenant. If Tenant so encumbers its leasehold estate and the mortgagee or holder of the Indebtedness secured by the leasehold mortgage or trust deed shall notify Landlord, in the manner provided for the giving of notice, of the execution of such mortgage or trust deed and name the place for service of notice upon such mortgagee or holder of such Indebtedness, then, in such event, Landlord agrees for the benefit of such mortgagee or holder of such Indebtedness from time to time, as follows:

A. Landlord agrees to give any such mortgagee or holder of such Indebtedness simultaneously with service on the Tenant, a duplicate of any and all notices of default given by Landlord to Tenant. Such notices shall be given in the manner and shall be subject to the terms of the notice provisions of this Lease.

B. Such mortgagee or the holder of such Indebtedness shall have the right to perform any of Tenant's covenants under this Lease and to cure any default of Tenant pursuant to the terms of this Lease.

C. Landlord shall not terminate this Lease or Tenant's right of possession for any default of Tenant if, within a period of twenty (20) days after the expiration of the period of time with which Tenant might cure such default under the provisions of this Lease, such mortgagee or holder of Indebtedness commences to eliminate the cause of such default and proceeds diligently and with reasonable dispatch to cure, and provided that any monetary default of Tenant has been cured.

D. No liability for the payment of Rent or the performance of any Tenant's covenants and agreements shall attach to or be imposed upon any mortgagee or the holder of such Indebtedness unless such mortgagee or holder of such Indebtedness forecloses its interest and becomes the successor Tenant under this Lease.

E. Subject to the reasonable approval of the Landlord, Landlord agrees to execute such further documents as may be reasonably required by such mortgagee or the holder of the indebtedness.

Upon the occurrence of an uncured event of default under this Lease by the Tenant, and the termination of this Lease, by lapse of time or otherwise, Landlord shall be obligated to pay to the holder of the indebtedness the full amount of such Indebtedness subject to the following provisions: (i) any such payment by the Landlord shall first be subject to the payment by the Tenant of the sum of One Million and 00/100 Dollars; (ii), the Landlord's obligation to pay such Indebtedness shall not exceed the sum of Four Million Five Hundred and 00/100 Dollars (\$4,500,000.00); and (iii) after the amount of said Indebtedness is One Million Dollars (\$1,000,000.00) or less, the Landlord shall have no obligation to pay any portion of the Indebtedness. Tenant agrees that said obligation of Landlord is contingent upon Tenant delivering a Guaranty of Payment of said One Million Dollars (\$1,000,000.00), in form and substance and from such individuals or entities reasonably approved, in advance, by Landlord, to the mortgagee or the holder of such Indebtedness at the time said loan is made and, upon a collection of the loan, said mortgagee or holder of the Indebtedness either making all reasonable efforts to collect on said Guaranty or assigning the same to the Landlord.

23. Successors and Assigns. The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their successors or permitted assigns and shall run with the land; and, where more than one party shall be Landlord under this Lease, the word "Landlord" shall be deemed to include all such parties, both jointly and severally.

24. Holding Over. If the Tenant retains possession of the Real Property or any part thereof after the termination of the Term of this Lease or any extension thereof, by lapse of time or otherwise, the Tenant shall pay the Landlord monthly rent, equal to two hundred (200%) percent of the Rent payable for the month immediately preceding said holding, computed on a per-month basis, for each month or part thereof (without reduction for any such partial month) that the Tenant thus remains in possession and in addition thereto, Tenant shall pay the Landlord all damages, consequential as well as direct, sustained by reason of the Tenant's retention of possession. The provisions of this paragraph do not exclude the Landlord's rights to re-entry or any other right hereunder. Any such extension or renewal shall be subject to all other terms and conditions herein contained.

25. Hazardous and Toxic Materials.

A. For purposes of this Paragraph 25, "hazardous or toxic material" shall be defined to include, without limitation, (a) asbestos or any material composed of or containing asbestos in any form and in any type, (b) polychlorinated biphenyl compounds ("PCB") or any material composed of or contains PCB, or (c) lead paint, or (d) toxic mold, or (e) any hazardous, toxic or dangerous waste, substance, material, smoke, gas or particulate matter, as from time to time defined by or for purposes of the Comprehensive Environmental Response Compensation and Liability Act, as amended, and any law commonly referred to, as of the date hereof, as "Superfund" or "Superlien", or any successor to such laws, or any other Federal, state or local environmental, health or safety statute, ordinance, code, rule, regulation, order or decree regulating,

relating to or imposing liability or standards concerning or in connection with hazardous, toxic or dangerous wastes, substances, material, smoke, gas or particulate matters as now or at any time hereafter in effect (collectively, the "Environmental Laws"), or any common law theory based on nuisance or strict liability.

B. Tenant shall not conduct or authorize the generation, transportation, storage, installation treatment or disposal at the Real Property, of any hazardous or toxic material without the prior written authorization of Landlord, and any such action by Tenant without such authorization by Landlord shall constitute an event of default. Tenant shall keep the Real Property free of any lien imposed pursuant to any Environmental Laws relating to items or substances generated from or stored on the Real Property during the term of this Lease and Tenant shall pay immediately when due any and all costs of removal of any hazardous or toxic material generated or stored by Tenant on the Real Property during the term of this Lease. If Tenant does generate, transport, store, treat or dispose of any hazardous or toxic material at or from the Real Property:

(i) Tenant shall, at its own cost and expense, comply with all Environmental Laws relating to hazardous or toxic materials;

(ii) Tenant shall promptly provide Landlord with copies of all communications, permits or agreements with any governmental authority or agency (Federal, state or local) or any private entity relating in any way to the presence, release, threat of release, placement on or in the Real Property, or the generation, transportation, storage, treatment, or disposal at the Real Property, of any hazardous or toxic material;

(iii) Landlord and Landlord's agents and employees shall have the right to enter the Real Property and/or conduct appropriate tests for the purpose of ascertaining that Tenant complies with all applicable laws, rules or permits relating in any way to the presence of hazardous or toxic materials on the Real Property; and

(iv) Tenant shall provide Landlord the results of appropriate tests of air, water and soil to demonstrate that Tenant complies with all applicable laws, rules or permits relating in any way to the presence of hazardous or toxic materials or substances on the Real Property.

If the presence, release, threat of release, placement on or in the Real Property during the term of this Lease, or the generation, transportation, storage, treatment, or disposal at the Real Property during the term of this Lease of any hazardous or toxic material: (i) gives rise to liability (including, but not limited to, a response action, remedial action, or removal action) under any Environmental Laws or any common law theory based on nuisance or strict liability; (ii) causes a significant public health effect; or (iii) pollutes or threatens to pollute the environment, Tenant shall promptly take any and all remedial and removal action necessary to clean up the Real Property and mitigate exposure to liability arising from the hazardous or toxic material, whether or not required by law.

C. Tenant agrees to indemnify, defend and hold harmless Landlord, its beneficiaries and their respective agents, employees, board members, mortgagees and partners and the successors and assigns of all of the foregoing (collectively, the "Landlord Indemnitees") from and against any and all debts, liens, claims, causes of action, administrative orders or notices, costs, personal injuries, losses, damages, liabilities, demands, interest, fines, penalties or expenses, including attorneys' fees and expenses, consultants' fees and expenses, court costs and all other out-of-pocket expenses, suffered or incurred by the Landlord Indemnitees, or any of them, resulting, directly or indirectly, from the presence in, upon or under the surface

of the Real Property or in any surface waters or ground waters on the Real Property or any migration of hazardous or toxic material off the Real Property if such materials were generated or stored by Tenant during the term of this Lease. Tenant agrees to indemnify, defend and hold harmless the Landlord Indemnitees from and against any and all damages, costs, losses, expenses (including, but not limited to, attorneys' fees and engineering fees) arising from or attributable to any breach by Tenant of any of its warranties, representations or covenants in this Paragraph 25. Tenant's obligations hereunder shall survive the expiration or termination of this Lease.

26. Reserved.

27. Attorneys' Fees. Each party agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by or imposed on the other party, either in successfully enforcing this Lease or any litigation to which the other party, without fault on its part, may be a party, and if paid by Landlord, shall be so much additional rent due on the next Rent payment date after such payment together with interest at the Lease Interest Rate.

28. Notices. Any notice or demand from Landlord to Tenant or from Tenant to Landlord shall be in writing and shall be mailed by registered or certified mail or personally delivered or delivered by expedited messenger service with evidence of receipt addressed, if to Tenant, to the address set forth below, or such other address as Tenant shall have last designated by notice in writing to Landlord, and, if to Landlord, to the address set forth below, or such other address as Landlord shall have last designated by notice in writing to Tenant. The customary receipt shall be conclusive evidence of such service. Notices shall be effective on the date of receipt thereof. Either party may change the address to which notices shall be sent by notice to the other party as provided above.

To Landlord: Board of Education of the City of Chicago  
125 South Clark Street  
Chicago, Illinois 60603  
Attention: Deputy Chief Operating Officer

with a copy to: Board of Education of the City of Chicago  
125 South Clark Street  
Chicago, Illinois 60603  
Attn: General Counsel

To Tenant: Until the New Building is Occupied  
  
Perspectives Charter School  
1915 South Federal Street  
Chicago, Illinois 60603  
Attention: Co-Director

After the New Building is Occupied:

Perspectives Charter School at the new address of  
the New Building, to the attention of the Co-  
Director

with a copy to:

McGuire Woods LLP  
77 West Wacker Drive  
Suite 4400  
Chicago, Illinois 60601  
Attention: Rodney D. Joslin

29. Surrender. It is the intention and agreement of the parties hereto that Tenant's interest in this Lease and all of Tenant's rights, title and interest in and to Tenant's improvements shall be non-separable and that any attempts to transfer or mortgage either such interest shall be void and ineffective unless there shall be a complete transfer or mortgage, as the case may be, of Tenant's interest in this Lease and all of Tenant's right, title and interest in and to Tenant's improvements to the same party. In the event of the termination of the leasehold estate hereunder, whether at its termination date or earlier and upon compliance with the provisions of Section 22 hereof, Landlord shall, thereupon, be and become the absolute owner of and vested with full title to and ownership of Tenant's improvements, free and clear of all rights or claims of Tenant and all persons hereafter claiming by, through or under Tenant. When Tenant surrenders the Real Property to Landlord, Tenant agrees (except for Landlord's obligations under paragraph 22 above) to satisfy or have satisfied, all mortgages, liens or encumbrances placed on its interests in the Real Property. Tenant agrees to remove, at the termination of this Lease, such of Tenant's goods and its effects as are not permanently affixed to the Real Property; to repair any damage caused by such removal; and peaceably yield up the Real Property and all alterations and additions thereto, and all decorating, fixtures, permanent furnishings, partitions, heating, ventilating and cooling equipment, and other equipment and floor coverings, all of which are permanently affixed to the Real Property, which shall thereupon become the property of the Landlord, in clean and good order, repair and condition, damage by fire or other casualty and reasonable wear and tear excepted. Subject to compliance with the terms of Section 22 hereof, title to Tenant's improvements shall automatically vest in Landlord in the event of a termination of the leasehold estate hereunder and without the necessity for the execution or delivery by Tenant of any instrument transferring title. Notwithstanding the foregoing, Tenant covenants and agrees that, upon expiration or any termination of this Lease as aforesaid, Tenant shall, upon Landlord's request, execute, acknowledge and deliver to Landlord any instrument or document reasonably requested by Landlord to confirm title to Tenant's improvements in Landlord. If Tenant shall fail or refuse to execute, acknowledge or deliver any such instrument or document requested as aforesaid, Landlord is hereby appointed attorney-in-fact for Tenant to execute, acknowledge and deliver any such instrument or document in the name of Tenant.

Any personal property of Tenant which shall remain on the Real Property or the improvements located thereon after the termination of the Term shall be deemed to have been abandoned by Tenant and may be retained by Landlord as its property.

30. Waiver of Claims and Indemnity. To the extent permitted by law, the Tenant releases the Landlord, its beneficiaries, and their respective agents, employees, board members, mortgagees and partners (all of said parties are, for the purposes of this Paragraph 30 collectively referred to as "indemnitees") from, and waives all claims for, damage to person or property sustained by the Tenant or any occupant of the Real Property resulting from the Real Property or any part thereof or any equipment or appurtenance becoming out of repair, or resulting from any accident in or about the Real Property, or resulting directly or indirectly, from any act or neglect of any other person, including the indemnitees. This Paragraph 30 shall apply especially, but not exclusively, to the flooding of basements or other subsurface areas, and to damage caused by refrigerators, sprinkling devices, air-conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting

or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or neglect of any other person, and whether such damage be caused or result from any thing or circumstance above mentioned or referred to, or any other thing or circumstance whether of a like nature or of a wholly different nature, except if caused by Landlord's gross negligence or willful misconduct. If any such damage, whether to the Real Property or any part thereof, results from any act or neglect of the Tenant, its employees, agents, invitees and customers, the Tenant shall be liable therefor and the Landlord may, at the Landlord's option, repair such damage and the Tenant shall, upon demand by the Landlord, reimburse the Landlord forthwith for the total cost of such repairs. All property belonging to the Tenant or any occupant of the Real Property shall be there at the risk of the Tenant or other person only, and the Landlord shall not be liable for damage thereto or theft or misappropriation thereof.

Tenant agrees to indemnify and save the indemnitees harmless from and against any and all claims, demands, costs and expenses, including reasonable attorney's fees for the defense thereof, arising from Tenant's occupation of the Real Property or from any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or from any act or negligence of Tenant, its agents, servants, employees or invitees, in or about the Real Property. In case of any action or proceeding brought against any indemnitees by reason of any such claim, upon notice from Landlord, Tenant covenants to defend such action or proceeding by counsel reasonably satisfactory to Landlord.

31. Use of and Easements for Common Areas. Landlord and Tenant agree as follows:

A. Landlord and its invitees, licensees, assigns, subtenants, employees and students shall have the non-exclusive right, in common with Tenant to use and have ingress and egress to and from those portions of the Real Property designated for the Additional Improvements, including parking areas, driveways and student recreation areas during the term of this Lease and any extension thereof, subject to such reasonable rules regulations for the use thereof as the parties may from time to time agree to impose (such area is collectively referred to herein as the "Common Areas"). Should conflicts arise between Landlord and Tenant pertaining to the implementation of such rules and regulations or to the usage of the Common Areas that cannot be resolved between the respective school principals or other agents or employees of the parties who are required to work in good faith to establish the same, either party may appeal to a mediation board ("Mediation Board") established to make decisions in these matters. The Mediation Board shall consist of business representatives other than the principals of either school ("Representative" or "Representatives") chosen by each party. The Mediation Board shall be a "standing committee" in order that the Representatives are identified prior to any particular dispute resolution. Upon written notice, either party may change their Representative at any time. Decisions made by the Mediation Board shall be final and binding on the parties.

B. On the condition that Landlord, at Landlord's sole cost and expense, repair and restore any areas that are applicable to the provisions of this Section 31 B, Tenant hereby grants to Landlord, its successors and assigns, a non-exclusive easement appurtenant to the Real Property for the purpose of installing, operating, maintaining, repairing, replacing and renewing any and all utility lines and related facilities over, above, along, under and in the Real Property, to the extent that Landlord requires said utility lines to service any property adjoining the Real Property. Tenant hereby grants to Landlord, its successors and assigns, the right and easement to tie in and use such existing utilities at Landlord's sole cost and expense and Tenant covenants to maintain utility lines installed by Tenant in good condition and repair.

C. Tenant shall operate, manage, equip, light, insure, secure, repair and maintain the Common Areas for their intended purposes.

32. Miscellaneous.

A. Estoppel Certificate. Tenant shall at any time and from time to time, upon not less than ten (10) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth the date of commencement of rents and expiration of the term hereof and such other facts and circumstances as reasonably requested by Landlord. Any such statement may be relied upon by any prospective purchaser or encumbrance of all or any portion of the real property of which the Real Property are a part. Upon request of any holder of the Indebtedness, Landlord shall execute an estoppel certificate, certifying such facts and circumstances regarding this Lease as the holder of the Indebtedness may reasonably request.

B. Reserved

C. Brokerage. Tenant warrants that it has not dealt with any real estate broker or agent in connection with this Lease and Tenant agrees to hold harmless and indemnify Landlord from and against any and all costs, including any compensation, commissions and charges claimed by any broker or other agent with respect to this Lease or the negotiation thereof arising out of any acts of Tenant.

D. Captions and Attachments. The captions of the paragraphs of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any paragraph of this Lease. Exhibits and addenda attached or affixed hereto are deemed a part of this Lease and are incorporated herein by reference.

E. Entire Agreement. This Lease constitutes the entire agreement between Landlord and Tenant relative to the Real Property and supersedes any prior agreements or representations, whether written or oral. This Lease may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

F. Severability. If any provision of this Lease shall be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

G. Time. Time is of the essence of this Lease and each and every provision hereof.

H. Lease Interest Rate. Any Rent or other charges which shall not be paid when due shall bear interest at the Lease Interest Rate from the date when the same is payable under the terms of this Lease until the date the same shall be paid. The term "Lease Interest Rate," when used herein, shall be defined as being an annual interest rate equal to two (2%) percent per annum over and above the "reference rate" or "prime rate", as the case may be, of interest announced by Chicago, Illinois office of Bank One as

its "reference rate" or "prime rate", as the case may be, of interest, as such rate may change from time to time.

I. Binding Effect; Choice of Law. The parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate paragraph hereof, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity. This Lease shall be governed by the laws of the State of Illinois.

J. Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

K. No Agency. Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership, or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Lease or any other acts of the parties hereto shall be deemed to create any relationship other than the relationship of landlord and tenant.

L. Inspection. Tenant agrees to permit Landlord and its authorized representatives to enter the Real Property during reasonable business hours upon prior notice for the purpose of inspecting same.

M. No Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated and other charges shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

N. Adjacent Excavation Shoring. If an excavation shall be made upon land adjacent to the Real Property, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation a license to enter upon the Real Property for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building of which the Real Property forms a part from injury or damages and to support the same by proper foundations without any claim for damage or indemnity against Landlord, or diminution or abatement of Rent.

O. Limitation of Liability. Anything to the contrary herein contained notwithstanding, there shall be absolutely no personal liability on persons, firms or entities who constitute Landlord or Tenant or their respective agents or board members or beneficiaries with respect to any of the terms, covenants, conditions and provisions of this Lease, and each party shall, subject to the rights of any mortgage, look solely to the interest of the other party, its successors and assigns in the Real Property for the satisfaction of each and every remedy hereunder; such exculpation of personal liability is absolute and without any exception whatsoever.



P. 105 ILCS 5/34 Provisions.

i. This Lease is not legally binding on the Landlord if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board of Education members during the one-year period following expiration of other termination of their terms of office.

ii. Each party to this Lease hereby acknowledges that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Q. Board of Education Ethics Code. The Board of Education Ethics Code (95-0927-RU3), adopted September 27, 1995, and as amended from time to time, is hereby incorporated into and made a part of this Lease as if fully set forth herein.

R. Board of Education Indebtedness Policy. Tenant agrees to comply with the Board of Education Indebtedness Policy (95-0726-EX3), adopted July 26, 1995, and as amended June 26, 1996 (96-0626-PO3), which is hereby incorporated into and made a part of this Lease as if fully set forth herein. The Board shall be entitled to set off an amount due hereunder equal to such sum or sums as may be owed by the Tenant to the Board, the State of Illinois Student Assistance Commission, the City of Chicago or the County of Cook for which the period granted for payment has expired and the amount of fines for any parking ticket, notice of parking violation, or parking violation complaint on which no payment has been made or appearance filed in the Circuit Court of Cook County within the time specified in the complaint. Notwithstanding the above, the Board may decline to so set off such sums if the Tenant (i) has entered into an agreement with the Board, or any other entity mentioned, for payment of all amounts owed and is in compliance with such agreement, (ii) is contesting liability for or the amount owing in a pending administrative or judicial proceeding, or (iii) has filed a petition in bankruptcy and the amounts owed are dischargeable in bankruptcy.

S. Contingent Liability. Any expenditure by Landlord beyond the then fiscal year of Landlord shall be deemed a contingent liability of Landlord, subject to appropriation in the subsequent fiscal year of Landlord.

T. Landlord's Title. The Landlord's title is and shall always be paramount to the title of the Tenant, and nothing herein contained shall empower the Tenant to do any act which can, shall or may encumber the title of the Landlord.

U. Certain Rights Reserved to Landlord. The Landlord reserves the following rights: (a) to change the street address of the Real Property without liability of the Landlord to the Tenant; (b) during the last ninety (90) days of the Lease Term or any part thereof, if during or prior to that time the Tenant has vacated the Real Property, to decorate, remodel, repair, or otherwise prepare the Real Property for reoccupancy; (c) to constantly have pass keys to the Real Property; (d) to exhibit the Real Property to others and to display "For Rent" signs on the Real Property; and (e) to take all measures, including inspections, repairs, alterations, additions, and improvements to the Leased Premise, as may be necessary or desirable for the safety, protection, or preservation of the Real Property or Landlord's interests therein.

V. Memorandum. Subject to the reasonable approval of the Landlord, the parties agree to execute and record a short form Memorandum of this Lease.

**[the remainder of this page has been left intentionally blank]**

IN WITNESS WHEREOF, the parties have executed this Ground Lease as of the date above first written.

**LANDLORD:**

**BOARD OF EDUCATION OF  
THE CITY CHICAGO**

Michael W. Scott  
By: Michael W. Scott, President

Attest: Estela Beltran  
Estela Beltran, Secretary

Board Report Number: 02-0724-OP06

Approved as to legal form: *Yes*

Marilyn F. Johnson  
Marilyn F. Johnson, General Counsel

**TENANT:**

**PERSPECTIVES CHARTER SCHOOL**

By: Rodney D. Joslin  
Name: RODNEY D. JOSLIN  
Title: CHAIRMAN

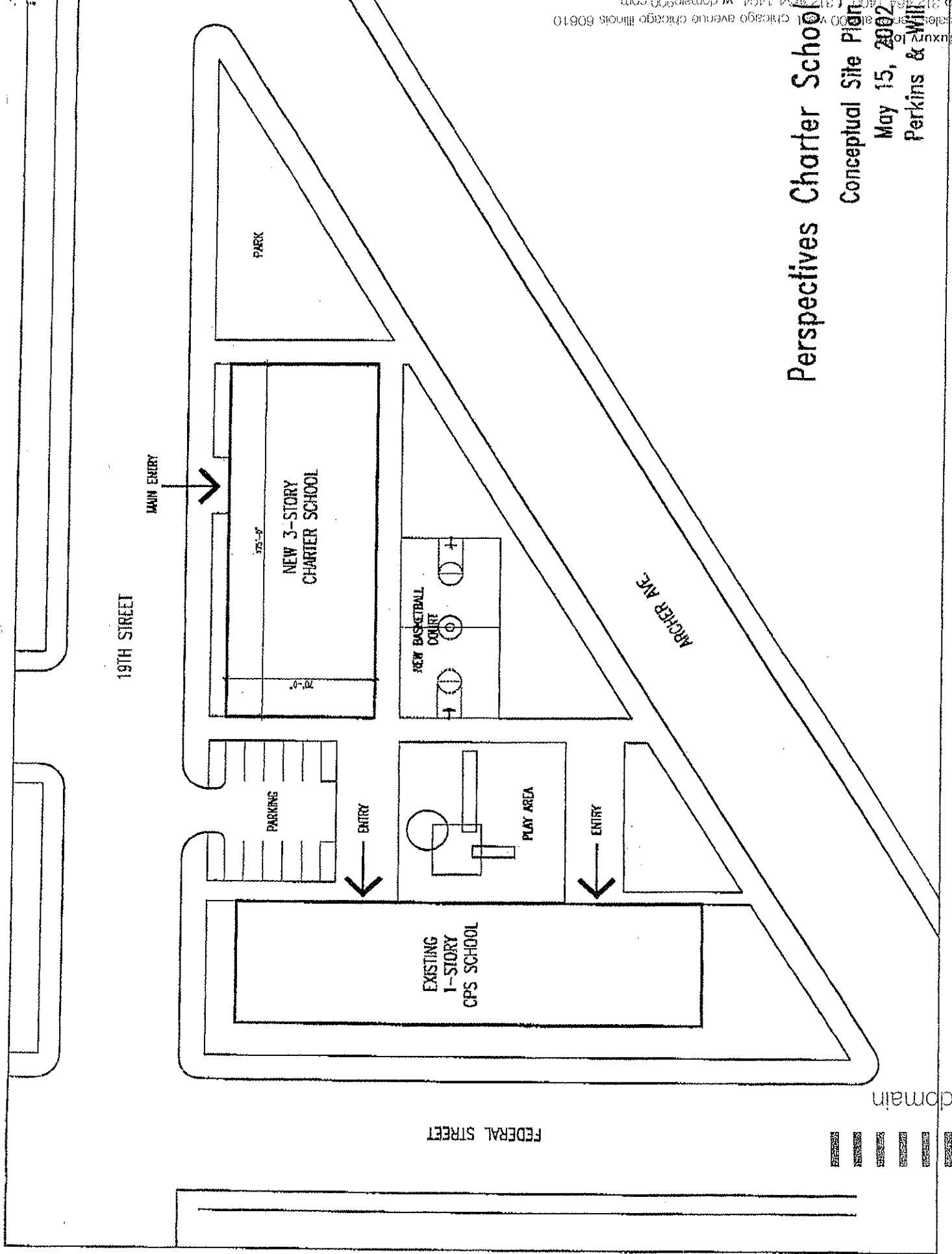
Attest:  
By: Kimberly Day  
Name: Kimberly Day  
Title: Secretary

- Exhibit "A" - Plat of Real Property
- Exhibit "B" - Legal of Real Property
- Exhibit "C" - Description of New Building
- Exhibit "D" - Description of Additional Improvements

**EXHIBIT "A"**

**Plat of Real Property**

See Attached



Perspectives Charter School  
 Conceptual Site Plan  
 May 15, 2002  
 Perkins & Will

Chicago Avenue Chicago Illinois 60610

FEDERAL STREET



0 main

**EXHIBIT "B"**

**Legal Description**

See Attached

**PARCEL 1:**

THE EAST 14.50 FEET OF LOTS 1 TO 5, BOTH INCLUSIVE, IN BLOCK 30 IN CANAL TRUSTEES NEW SUBDIVISION OF BLOCKS IN THE EAST FRACTIONAL QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL 2:**

LOTS 1 TO 10, BOTH INCLUSIVE, IN STEVEN'S SUBDIVISION OF LOTS 2 TO 4, BOTH INCLUSIVE, IN BLOCK 31 OF CANAL TRUSTEES NEW SUBDIVISION OF BLOCKS IN THE EAST FRACTIONAL QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL 3:**

LOT 1 IN BLOCK 31 IN CANAL TRUSTEES NEW SUBDIVISION OF BLOCKS IN THE EAST FRACTIONAL QUARTER OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL 4:**

THAT PART OF THE VACATED ALLEY LYING BETWEEN PARCELS 2 AND 3 PER DOCUMENT RECORDED SEPTEMBER 1, 1976 AS DOCUMENT 23620859.

**PARCEL 5:**

THAT PART OF VACATED SOUTH DEARBORN STREET LYING BETWEEN PARCELS 1 AND 2 PER DOCUMENT RECORDED SEPTEMBER 1, 1976 AS DOCUMENT 23620859.

COMMONLY KNOWN AS:           **SW. CORNER OF S. ARCHER AVE. & W. 19<sup>TH</sup> ST.,  
CHICAGO, ILLINOIS.**

## **EXHIBIT "C"**

### **Description of New Building**

A two (2) and three (3) story brick structure, which will include at least 14 classrooms and other multi-purpose rooms sufficient to educate at least 300 students. The Building will be approximately 30,000 square feet and will not consist of modular or mobile units.