
INDENTURE OF LEASE

Dated as of April 1, 1998

By and Between

CHICAGO SCHOOL REFORM BOARD OF TRUSTEES ON BEHALF
OF THE BOARD OF EDUCATION OF THE CITY OF CHICAGO,
As Lessor

And

THE OUNCE OF PREVENTION FUND,

AS LESSEE

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THIS INDENTURE OF LEASE (the or this "*Lease*"), made and entered into as of April 1, 1998 by and between the CHICAGO SCHOOL REFORM BOARD OF TRUSTEES, on behalf of the BOARD OF EDUCATION OF THE CITY OF CHICAGO, a body politic and corporate (the "*Lessor*") and THE OUNCE OF PREVENTION FUND, an Illinois not-for-profit corporation (the "*Lessee*").

WITNESSETH:

ARTICLE ONE
PREMISES; OWNERSHIP OF IMPROVEMENTS

Section 1.1. The Lessor, for and in consideration of the payment of rent as hereinafter set forth and the covenants, agreements, provisions and conditions herein to be performed by the Lessee, hereby leases to the Lessee:

- (a) the real estate described in *Exhibit A* attached hereto and made a part hereof (the "*Land*"), and being in the City of Chicago, County of Cook and State of Illinois, with an address at 5044 South Wabash Avenue, Chicago, Illinois;
- (b) from and after the Facility Title Transfer Date (as defined in Section 1.2 below) the Facility (as hereinafter defined); and
- (c) all Improvements (other than the Facility) on the Land.

Section 1.2. The Lessee shall construct on the Land a first-class facility to provide early childhood education and care for approximately 175 children, (the "*Facility*"). It is understood that the Lessee will pay or finance the cost of construction of the Facility. Fee title to the Facility shall vest in Lessor on the date the Facility is substantially complete (the "*Facility Title Transfer Date*"). The Facility shall be deemed "substantially complete" when a permanent, unconditional certificate of occupancy has been issued and all punch list items have been corrected.

ARTICLE TWO
TERM

Section 2.1. The Lessee shall have and hold the Leased Premises, with all the rights, privileges, easements and appurtenances thereunto attaching and belonging, for a term (the "*Term*") of ninety-nine (99) years commencing on April 1, 1998 and ending on March 31, 2097, unless sooner terminated as herein set forth.

ARTICLE THREE
RENT

Section 3.1. The Lessee shall pay to the Lessor for the Term, rent ("Basic Rent") of One Hundred and no/100 Dollars (\$100.00) payable in advance on the date of execution of this Lease, receipt of which is acknowledged by Lessor.

ARTICLE FOUR
TAXES AND ASSESSMENTS

Section 4.1. The Lessor shall enter into Agreements with the City of Chicago to exempt from payment to the same extent that Chicago Public School facilities are so exempt, all water supply rates, sewer service taxes, assessments and levies, general and special, ordinary and extraordinary, of every name, nature and kind whatsoever which may be taxed, charged, assessed, levied or imposed upon this Leased Premises by the City of Chicago ("City Impositions") during the Term. Lessor shall further bear, pay and discharge all real estate tax assessments charged, assessed, levied or imposed on the Land during the Term.

Subject to Section 4.4 herein, Lessee shall bear, pay and discharge all other taxes, charges for revenue or otherwise, assessments and levies, general and special, ordinary and extraordinary, of every name, nature and kind whatsoever which may be taxed, charged, assessed, levied or imposed upon the Leasehold Estate ("Other Impositions").

The Lessee shall pay all of the Other Impositions before they shall become delinquent, before the occurrence of any sale of forfeiture of the Leased Premises or any part thereof, and within adequate time to prevent the appointment of a receiver for nonpayment of any of said Other Impositions on the Leased Premises or any part thereof.

Section 4.2. The Lessee shall obtain and deliver to the Lessor, within sixty (60) days after the Other Impositions would be, if unpaid, increased by any interest, penalty or costs, official original receipts or photostatic copies thereof of the payment of Other Impositions.

Section 4.3. The Lessor shall, at its option, have the right at all time during the Term to pay any Other Impositions (without inquiring into the validity thereof) remaining unpaid after the same shall have become delinquent, provided that Lessor shall have given notice to Lessee at least five (5) business days prior to such payment; and the Lessor shall have the further right to pay, cancel and clear off all Other Impositions, or any part thereof, and to redeem the Leased Premises, from the same or any of them, from time to time, and that the amounts so paid, including reasonable expenses, shall be reimbursed by the Lessee to the Lessor within ten (10) days after demand for reimbursement therefor, with interest at the rate of 14% per annum from the date of the payment thereof by the Lessor until the repayment thereof to the Lessor by the Lessee.

Section 4.4. The Lessee shall have the right in good faith to contest by appropriate legal proceedings the payment of any Other Impositions, provided, however, that said Lessee, prior to the date when said Other Impositions would be delinquent if not contested gives notice in writing to the Lessor of its intention to contest said Other Impositions, and shall deposit with the Lessor cash or marketable securities (or, at the option of Lessor, a surety bond) satisfactory to the Lessor in an amount equal to the amount of such contested Other Impositions, which security shall be held by the Lessor until the Leased Premises shall be relieved and discharged from any such contested Other Impositions and shall thereupon be returned by the Lessor to the Lessee, less the amount of any loss, cost damage and expense, including reasonable attorney's fees, that the Lessor may sustain in connection with the contested Other Impositions and pending any such legal proceedings the Lessor shall not have the right to pay, remove or discharge the contested Other Impositions. Lessor shall cooperate with Lessee in good faith in any legal proceedings commenced pursuant to this Section 4.4.

**ARTICLE FIVE
USE OF PREMISES**

Section 5.1. The Lessee shall use and occupy the Leased Premises for an early childhood education and care center as described in Exhibit B attached to this Lease and hereby incorporated by reference ("Early Childhood Center") and for no other purpose unless approved in advance by Lessor. During the term of this Agreement, Lessee shall operate the Early Childhood Center during normal school operating hours and such additional times as Lessee requires.

Section 5.2. Lessee shall operate the Early Childhood Center, which will be used to provide Head Start services so long as Lessee receives a Head Start grant from the U.S. Department of Health and Human Services ("DHHS"), in accordance with all applicable performance standards of all Federal, State and local authorities providing funding for the Early Childhood Center from time to time, including, but not limited to, the Head Start Program of DHHS and Lessor.

Section 5.3. No portion of the Leased Premises shall be used for any purpose in violation of the laws of the United States of America, the State of Illinois, the ordinances (including the zoning ordinances) of the City of Chicago or the rules or regulations of any other governmental body within whose territorial jurisdiction the Leased Premises lie.

Section 5.4. Lessee shall not permit any unlawful or immoral practice to be carried on in the Leased Premises by Lessee or by any other person, nor permit the Leased Premises to be used for any purpose that will injure the reputation of the Leased Premises.

The Lessee shall not permit alcoholic beverages to be used, sold or stored on the Leased Premises at any time nor permit any person to be in an intoxicated condition in or about the Leased Premises and shall not cause or permit to be caused any disturbance in or about the Leased Premises.

Section 5.5. Neither the Lessor nor its agents and servants shall be liable for any damage, loss or injury to the Lessee or to any person claiming through Lessee for injury to person or damage to or loss of property wherever located from any cause.

ARTICLE SIX
CARE AND MAINTENANCE

Section 6.1. Lessee shall for the entire Term keep the Leased Premises in a clean and wholesome, insurable and good tenantable condition, ordinary wear and tear excepted, in compliance with all applicable regulations in all respects and at all times and in conformity with the requirements of the City of Chicago and all other public authorities.

Section 6.2. Notwithstanding and without limiting the generality of Lessee's obligation in 6.1 above, commencing with the Facility Title Transfer Date and throughout the Term, and subject to annual budgetary appropriation which Lessor will undertake in good faith, Lessor shall at its own expense cause the Leased Premises and all sidewalks and areas in front, at the sides and in the rear thereof to be kept safe and secure and provide the following day-to-day maintenance services for the Leased Premises:

(a) promptly and adequately repair, within a reasonable period of time, all damage to the Facility and other Improvements that is not Structural as defined in Section 6.5 herein, and replace or repair all damaged or broken fixtures and appurtenances that are not Structural;

(b) make all repairs to the Leased Premises required by any lawful authority that are not Structural;

(c) provide heating and air conditioning to the extent necessary in the reasonable judgment of the Lessee for normal comfort in the Facility and the other Improvements, from Monday through Friday, during the period from 6:30 a.m. to 8:00 p.m.. The Lessor shall provide heating and air conditioning reasonably requested by the Lessee and furnished prior to or following such hours at rates to be established from time to time by the Lessor (which rates shall not be more than the Lessor's cost for providing the service), subject to all governmental rules, regulations and guidelines applicable thereto;

(d) provide electricity and light bulbs to meet the Lessee's normal operating requirements;

(e) provide janitorial services as specified in Exhibit C attached hereto and made a part hereof; and provide window washing on the inside and outside of windows in the Facility's and other Improvements' perimeter walls at intervals to be determined by the Lessor, but in no event less than three (3) times per year.

Section 6.3. With respect to Lessor's services provided pursuant to Sections 6.2(a) and (b) above, Lessor shall not be obligated for any damages or repairs arising from an act of negligence or misconduct on the part of Lessee, its agents or employees.

Section 6.4. Neither the Lessor nor the Lessee will commit, permit or suffer any waste of, upon, to or about said Leased Premises nor do or permit to be done anything tending to injure the same or to impair or diminish the value thereof.

Section 6.5. "Structural" shall mean pertaining to roofs, foundations and appurtenances thereto; or to machinery; or to HVAC or plumbing equipment and fixtures exceeding a repair cost of \$5,000, it being understood that Lessee shall be responsible for all repairs to roofs, foundations and appurtenances thereto; and machinery; and HVAC or plumbing equipment and fixtures exceeding a cost of \$5000.

ARTICLE SEVEN ALTERATIONS AND IMPROVEMENTS

Section 7.1. The Lessee shall have and is hereby given the right to make from time to time and at its sole cost and expense such reasonable changes, alterations and additions in and to the Improvements constructed on the Leased Premises as the Lessee deems necessary or desirable; provided, however (a) no change, alteration or addition shall be made that will affect the roof or floor structural load of any building, or that will modify any room, corridor or playground area dimension by more than 20% without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed (it being understood that no alteration of a decorating or cosmetic nature shall require the consent of Lessor), (b) all changes, alterations, additions and improvements so made by the Lessee shall be made in a workmanlike manner and in strict compliance with all applicable laws, ordinances and regulations and, when commenced, shall be prosecuted to completion with due diligence, (c) all changes, alterations, additions and improvements so made by the Lessee shall, when completed, become a part of the property and premises hereby leased and upon the termination of this Lease shall remain with and be surrendered to the Lessor as a part of said Leased Premises.

ARTICLE EIGHT INSPECTION OF PREMISES

Section 8.1. Lessor and any authorized representatives of Lessor shall have the right to enter the Leased Premises at all reasonable times during usual business hours for the purpose of inspecting the same. Any such inspections shall be solely for Lessor's purposes and may not be relied upon by Lessee or any other person.

**ARTICLE NINE
INSURANCE**

Section 9.1. The Lessee, at its own expense, shall procure and maintain insurance covering the premises under this Lease. All insurers shall be licensed by the State of Illinois and rated A-10 or better by A.M. Best or comparable rating service or be an authorized Risk Retention Group acceptable to the Lessor. At any time upon request, Lessee shall submit to the Lessor satisfactory evidence of insurance coverage upon request of the Contract Administrator-Department of Operations. Minimum insurance requirements are:

(a) Commercial General Liability Insurance with a combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for personal injury and property damage liability inclusive of independent Lessees, contractual liability for this insured contract and products/completed operations coverage maintained for not less than two (2) years following completion and acceptance of the work.

The Lessee shall have its general liability insurance endorsed to provide that the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees and agents, the Public Building Commission of Chicago and its commissioners, officers, employees and Lessees and any other entity as may be designated by the Board are named as "additional insured-owners, Lessees or Contractors - (Form B)" [ISO 20 10 11 93]" on a primary basis, without recourse or right of contribution, for any liability arising out of the work including the negligence of the Board or Commission.

(b) Umbrella or Excess Liability Insurance with limits not less than \$1,000,000 per occurrence.

**ARTICLE TEN
INDEMNITIES**

Section 10.1. To the fullest extent permitted by law, the Lessee agrees to indemnify, defend and save the Lessor, its agents and employees harmless against and from any and all loss, cost, expense (including reasonable attorneys' fees), liability, suits, claims, injuries, damages, fines, penalties or the like of any and every kind, nature and description whatsoever by or on behalf of any person or persons, firm or firms, corporation or corporations including those related to or in connection with the conduct and operation of Lessee's use of the premises arising from any breach or default of performance of any covenant or agreement of the Lessee's part to be performed pursuant to the terms of this Agreement; or arising from any alleged or actual acts of negligence or neglect of the Lessee, the Lessee's employees, agents, contractors licensees and/or

guests; or arising from any accident, injury or damage resulting from, relating to, or arising in connection with the conduct of the Lessee, the operation or possession of the Leased Premises by the Lessee (excepting therefrom injuries or damages arising from an act of negligence on the part of the Lessor, its agents or employees), caused to any person, firm or corporation following delivery of possession of the Leased Premises to the Lessee to enable the Lessee to accomplish its work thereon and throughout the Term or the Lessee's occupancy, whichever is longer, in or about the Leased Premises; and from and against all costs, counsel fees, expenses and/or liabilities incurred in or about any such claim or action or proceeding thereon. The Lessee agrees that the indemnification and hold harmless agreements contained herein shall apply to loss, cost, expense (including reasonable attorney's fees), liability, suits, claims, injuries, damages, fines, penalties and the like which accrue during the Term or the Lessee's occupancy of the Leased Premises, regardless of when such claims, etc. are made.

Section 10.2. To the fullest extent permitted by law, the Lessor agrees to indemnify, defend and save the Lessee, its agents and employees harmless against and from any and all loss, cost, expense (including reasonable attorneys' fees), liability, suits, claims, injuries, damages, fines, penalties or the like of any and every kind, nature and description whatsoever by or on behalf of any person or persons, firm or firms, corporation or corporations including those related to or in connection with the Lessor's maintenance of the premises arising from any breach or default of performance of any covenant or agreement of the Lessor's part to be performed pursuant to the terms of this Agreement; or arising from any alleged or actual acts of negligence or neglect of the Lessor, the Lessor's employees, agents, contractors, licensees and/or guests; or arising from any accident, injury or damage resulting from, relating to, or arising in connection with the conduct of the Lessor, the maintenance of the Leased Premises by the Lessor (excepting therefrom injuries or damages arising from an act of negligence on the part of the Lessee, its agents or employees), caused to any person, firm or corporation following delivery of possession of the Leased Premises to the Lessee to enable the Lessee to accomplish its work thereon and throughout the Term or the Lessee's occupancy, whichever is longer, in or about the Leased Premises; and from and against all costs, counsel fees, expenses and/or liabilities incurred in or about any such claim or action or proceeding thereon. The Lessor agrees that the indemnification and hold harmless agreements contained herein shall apply to loss, cost, expense (including reasonable attorney's fees), liability, suits, claims, injuries, damages, fines, penalties and the like which accrue during the Term or the Lessee's occupancy of the Leased Premises, regardless of when such claims, etc. are made.

ARTICLE ELEVEN NOTICES

Section 11.1. All notices, required pursuant to the terms of this Lease shall be in writing and shall be deemed properly served (i) if delivered in person, (ii) if sent by registered or certified mail, postage prepaid and return receipt requested, three business days following the date of such mailing, (iii) if sent by overnight express courier, on the date following the date of

deposit with such courier provided such courier shall have confirmed delivery, and when addressed in each such case:

If to Lessor: Bureau of Real Estate
Board of Education of the City of Chicago
1819 W. Pershing Road - 6W(s)
Chicago, Illinois 60609
Attention: Director

with a copy to: Law Department
Board of Education of the City of Chicago
1819 West Pershing Road - 5E(n)
Chicago, Illinois 60609
Attention: Attorney

If to the Lessee: The Ounce of Prevention Fund
122 South Michigan Avenue, Suite 2050
Chicago, Illinois 60603
Attention: Executive Director

If to DHHS: Attention: Kay Wilmoth
Assistant Regional Administrator
Administration for Children and Families
Office of Community Programs
105 West Adams, 21st Floor
Chicago, Illinois 60603

with a copy to: Helen Taylor
Associate Commissioner
Department of Health and Human Services
Administration for Children and Families
P.O. Box 1182
Washington, D.C. 20013

or at such other address as Lessor, Lessee or DHHS shall specify as its respective address for purposes of this Lease. Lessor and Lessee shall inquire with DHHS no less than once each year to verify the current address or addresses for notification.

ARTICLE TWELVE
ASSIGNMENT OF LEASE

Section 12.1. The Lessee shall not assign, transfer, set over or convey in whole or in part, or otherwise, by any act or deed, cause to be assigned, transferred, set over or conveyed, in whole or in part, its interest and estate in the Leased Premises, or any part thereof, or in the Leasehold Estate, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld or delayed, provided that Lessee submits to Lessor satisfactory proof of DHHS' consent to such assignment, transfer, set over or conveyance.

Section 12.2. So long as no Event of Default shall have occurred and be continuing, the Lessee shall have the right to sub-let the Leased Premises, or any part thereof, for the use provided herein, with prior consent by the Lessor, which consent shall not be unreasonably withheld or delayed, provided that Lessee submits to Lessor satisfactory proof of DHHS' consent to such sublease.

Section 12.3. In the event that the Lessee is no longer a federal Head Start grantee (whether by relinquishment of the grant, or by suspension, termination, defunding or otherwise), DHHS or, subject to the good faith approval of the Lessor, its designee may assume the Lessee's rights, obligations, and liabilities under this Lease. In the event that DHHS chooses not to assume the role of Lessee or to designate a designee to do so, or in the event that the Lessor does not approve DHHS's designee, the Lessor shall compensate the Federal Government for that percentage of the current fair market value of the Facility attributable to the Federal share in the Facility. (See 45 C.F.R. Part 74 (1997) and succeeding federal regulations concerning the rights and Federal interest of DHHS.)

Section 12.4. The Lessee covenants and agrees that, in the event that DHHS assumes or designates another entity to assume the Lessee's rights, obligations and liabilities under the Lease, the Lessee will relinquish to DHHS or its designee possession and all interests it might have in the Leased Premises..

ARTICLE THIRTEEN
DEFAULT

Section 13.1. Any of the following occurrences or acts shall constitute an event of default (herein called an "Event of Default"):

(a) default by the Lessee in the payment of any Basic Rent and the continuation of such default for ten (10) days after notice thereof to the Lessee; or

(b) default by the Lessee in the performance or observance of any other covenant, agreement, condition or undertaking to be kept, observed or performed by the

Lessee, and the continuation of such default for thirty (30) days after notice thereof to the Lessee (provided, however, that in the case of any such default which cannot be cured by the payment of money and cannot with diligence be cured within such 30-day period, if the Lessee shall commence promptly to cure the same and thereafter prosecute the curing thereof with diligence, the time within such failure may be cured shall be extended for such period as may be reasonably necessary to complete the curing of the same with diligence).

Section 13.2. DHHS shall receive a copy of any notice of Event of Default issued to Lessee and may, at its option and in lieu of Lessee, cure such Event of Default within the applicable period provided herein or may proceed pursuant to Section 13.4. DHHS shall also receive a copy of any notice of alleged default issued by Lessee to Lessor.

Section 13.3. Subject to Section 13.4, if an Event of Default shall have occurred and be continuing, the Lessor may, at its election, terminate this Lease, and may re-enter the Leased Premises, pursuant to due process of law, and may expel, remove and put out the Lessee and every other person occupying, using such force as may be necessary in so doing, and shall thereupon repossess and enjoy the Leased Premises.

Section 13.4. Lessor covenants and agrees that upon the occurrence of an Event of Default, DHHS or, subject to the good faith approval of the Lessor, its designee may assume the Lessee's rights, obligations, and liabilities under this Agreement, provided that DHHS or its designee promptly cure all monetary defaults. If DHHS informs Lessor in writing of its intention to designate a designee, Lessor shall refrain from instituting eviction or any other proceedings to take possession of the Leased Premises until DHHS has had a reasonable opportunity to select the designee and for that designee to cure the monetary defaults; provided, however, that such reasonable opportunity shall be deemed 90 days following receipt by DHHS of notice of an Event of Default, and provided further that in the event DHHS cannot with diligence designate a designee and cure, or cause designee to cure the monetary defaults within 90 days, or is not able to designate a designee within the foregoing time period, provided DHHS has commenced and is diligently pursuing such designation or DHHS or its designee are attempting to cure such default, the 90 day period shall be extended for up to an additional 30 days.

ARTICLE FOURTEEN LIENS

Section 14.1. Nothing contained in this Lease contained shall authorize the Lessee to do any act which shall in anyway encumber the title of the Lessor in and to said premises, nor shall the interest or estate of the Lessor therein be in any way subject to any claim by way of lien or encumbrance, whether claimed by operation of law, or by virtue of any express or implied contract by the said Lessee, and any claim to a lien upon the Leased Premises, arising from any act or omission of the Lessee, shall accrue only against the Leasehold Estate of the Lessee, and shall in all respects be subject to the paramount title and rights of the Lessor in and to the Leased Premises. Notwithstanding the foregoing provisions of this Section 14.1, Lessor acknowledges

and consents to the grant by Lessee of an interest in the Facility and the Leasehold Estate to the Federal Government pursuant to and in accordance with 45 C.F.R. Part 74 (1996) (1997) of the U.S. Code of Federal Regulations and succeeding Federal Laws and Regulations concerning the rights and Federal interest of DHHS, and the filing of a notice thereof in applicable real estate records.

Section 14.2. The Lessee will not enter into any contract with any person, firm or corporation for labor, services or material in connection with any building or improvement to be placed upon the Land or to be rebuilt thereon, which contract involves an amount in excess of \$250,000 unless it shall be stipulated in and be made a condition of such contract that no lien shall arise or be claimed on account of such contract or on account of any work done or material furnished under said contract as against the title or interest of the Lessor in the Leased Premises, and unless it shall be stipulated and agreed in such contract that such person, firm or corporation entering into such contract shall by the terms thereof waive any and all right or claim to a lien upon the Leased Premises, so far as the Lessor's interest therein is concerned, and that any lien which may arise or be claimed under such contract shall be attached only to the Leasehold Estate of the Lessee; and the Lessee will cause waivers of liens as against the interest of the Lessor in the Leased Premises to be duly executed by any person, firm or corporation furnishing labor, services, or material in or about the erection, remodeling or rebuilding of any such building, and will cause such waivers of liens to be furnished to the Lessor as soon as any such person, firm or corporation shall, respectively, enter upon the performance of such work or the furnishing of such material or services in all cases where in the absence of such waiver such person, firm or corporation might claim a lien upon the interest of the Lessor in the Leased Premises.

ARTICLE FIFTEEN
INTEREST UPON ARREARS

Section 15.1. Basic Rent payable by the Lessee under this Lease, which shall not be paid when due, shall bear interest at the rate of fourteen percent (14%) per annum from the day when the same is payable until paid; and all monies expended by the Lessor and required to be reimbursed to the Lessor by the Lessee, or on account of any default by the Lessee in the performance or observance of any of the covenants of this lease, shall in like manner bear interest from the respective dates when the same shall be advanced or paid by the Lessor at the rate of fourteen percent (14%) per annum until the same shall be repaid by the Lessee to the Lessor; and all sums so advanced or paid by the Lessor shall become due and payable within ten (10) days after demand for reimbursement therefor.

ARTICLE SIXTEEN
SURRENDER UPON TERMINATION AND FEDERAL RIGHTS
ON CHANGE OF USE

Section 16.1. Upon expiration or termination of this Lease by forfeiture, lapse of time or otherwise: (a) the Lessee shall at once surrender and deliver up to the Lessor the Leased Premises (subject to ordinary wear and tear, fire and other casualty); (b) the Leased Premises (including both the Land and the Improvements) shall belong to the Lessor; and (c) no compensation shall be allowed or paid to the Lessee in connection with such surrender and delivery; and (d) Lessor shall comply with Section 16.2 without further demand by DHHS.

Section 16.2. If at any time the Leased Premises are no longer being used as a facility for a federally funded Head Start program (whether because of condemnation or zoning change or for any other reason), upon demand by DHHS, the Lessor shall compensate the Federal Government for that percentage of the current fair market value of the Facility attributable to the Federal share in the Facility. (See 45 C.F.R. Part 74 (1997) and succeeding federal laws and regulations concerning the rights and Federal interest of DHHS.)

ARTICLE SEVENTEEN
WILLFULLY HOLDING OVER

Section 17.1. If the Lessee, or any person who possesses the Leased Premises by, from or under, or by collusion with the Lessee, willfully holds over the Leased Premises, after expiration of this Lease and a demand made in writing for the possession thereof by the Lessor, the person so holding over shall pay to Lessor for the time of possession at the rate of Two Hundred Dollars (\$200.00) per day to be recovered by a civil action.

ARTICLE EIGHTEEN
REMEDIES CUMULATIVE — WAIVER NOT TO BE INFERRED

Section 18.1. No remedy herein or otherwise conferred upon, or reserved to the Lessor shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and every power and remedy given by this Lease to the Lessor 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 the Lessor to exercise any right or power arising from any default shall impair any such right or power, or shall be constructed 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 waiver of acquiescence in or consent to any further or succeeding breach of the same covenant.

Neither the rights herein given to receive, collect, sue for or distrain for any Rent or other monies, or payments or to enforce any of the terms, provisions and conditions of this lease, or to prevent the breach or non-observance thereof, nor the exercise of any such right, or of any other right or remedy hereunder, or otherwise granted or arising, shall in any way affect or impair the right or power of the Lessor to declare the term hereby granted ended, and to terminate this Lease, as herein provided, because of any default in, or breach of, any of the covenants, provisions or conditions of this Lease.

None of the covenants, terms or conditions of this Lease to be kept, observed or performed by the Lessee, shall, in any manner, be altered, waived, modified, changed or abandoned, except by a written instrument duly signed, acknowledged and delivered by the Lessor, and no act or acts, omission or omissions or series of acts or omissions, or waiver, acquiescence or forgiveness by the Lessor as to any failure of performance, either in whole or in part, of the Lessee of any of the covenants, terms or conditions of this Lease, shall be deemed or construed to be a waiver by the Lessor of the right at all times in the future to insist upon the full and complete performance by the Lessee of each and all the foregoing covenants, terms and conditions thereafter to be performed according to the provisions of this lease in the same manner and to the same extent as the same are above covenanted to be performed by the Lessee.

In case the Lessor shall have proceeded to enforce any right under this Lease by entry, suit or otherwise, and such proceeding shall have been discontinued or abandoned because of a waiver, settlement or for any other reason (or shall have been determined adversely to the Lessor), then and in every such case the Lessor shall be restored to its former position and rights hereunder, and all rights, remedies and powers of the Lessor shall continue as though no such proceeding had been taken.

ARTICLE NINETEEN MECHANICS' LIENS

Section 18.2. The Lessee shall remove or cause to be removed any and all mechanics' liens or material men's liens and claims which might ripen into such liens upon the Leased Premises.

It is further agreed, and notice is hereby given, that no mechanics' or other liens shall, in any way, manner or degree, affect the Lessor's interest in and to or attach to its rights in the Leased Premises. Notwithstanding anything in this Section 19.1 to the contrary, the Lessee may in good faith contest to final judgment or decree in courts of last resort any such claims or liens of any kind, *provided, however,* that said Lessee shall, within ten (10) days of notice by the Lessor of the existence of such liens or claims, notify the Lessor of its intention to contest said liens or claims in good faith, as aforesaid, and upon which grounds the said contest in each instance is to be made.

ARTICLE TWENTY
CONDEMNATION OR ZONING CHANGE

Section 18.3. If, during the Term or any extension thereof, (i) all of the Leased Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain, or shall be sold to a condemning authority under threat of condemnation, or (ii) if a portion of the Leased Premises is so taken or sold so that the remaining portion of the Leased Premises cannot, after restoration, be economically used by Lessee for the purpose intended (as determined in good faith by Lessor, giving due consideration to all of the facts and circumstances, including, but not limited to, Lessee's preference to continue or discontinue its operation), then this Lease shall, at the option of the Lessor, terminate and the Basic Rent shall be abated during the unexpired Term of this Lease, effective as of the date of taking or zoning change, as the case may be, and Lessor shall comply with Section 16.2 without further demand by DHHS.

ARTICLE TWENTY-ONE
COVENANTS TO RUN WITH THE LEASE PREMISES

Section 18.4. All covenants, agreements, conditions and undertakings in this Lease contained shall extend to and be binding upon the heirs, successors, legal representatives and assigns of the respective parties hereto the same as if they were in every case named and expressed, and that the same shall be construed as covenants running with the Leased Premises, and wherever in this Lease, reference is made to either of the parties hereto it shall be held to also include and apply to, wherever and whenever applicable, the heirs, successors, legal representatives and assigns of such party the same as if in each and every case so expressed.

ARTICLE TWENTY-TWO
DEFINITION OF TERMS

Section 18.5. As used in this Lease, the following terms shall have the meanings set forth below:

"Basic Rent" shall have the meaning given thereto in Section 3.1 hereof.

"Event of Default" shall have the meaning given thereto in Section 13.1 hereof.

"Facility" shall have the meaning given thereto in Section 1.2 hereof.

"City Impositions" and *"Other Impositions"* shall have the meaning given thereto in Section 4.1 hereof.

"Improvements" shall mean the Facility and all other buildings, structures, parking lots and other improvements now or hereafter located on the Land, and all facilities, fixtures, machinery, installations, equipment and other property, now or hereafter located in or used or procured for use in connection with any such buildings, structures, parking lots or other improvements, together with all accessions, parts and

appurtenances appertaining thereto and all substitutions, renewals or replacements thereof and alterations thereto, but excluding Lessee's Equipment.

"Land" shall have the meaning given thereto in Section 1.1 hereof.

"Leased Premises" shall mean the Land, the Facility and the other Improvements.

"Leasehold Estate" shall mean the right and interest in the Leased Premises created by and granted to the Lessee under and pursuant to this Lease.

"Lessee's Equipment" means all signs, exterior lighting standards, machinery, apparatus, furniture, furnishings, telephone systems, telecommunication systems, computers, computer terminals, all items relating to data transmission, trash compactors, shelving, snow-removal and lawn-maintenance equipment and other equipment, moveable or demountable partitions, motorized vehicles, trade fixtures and temporary auxiliary structures, tools, supplies, materials, security systems; inventory and other personal property and all renewals and replacements thereof, in each case, now owned or hereafter acquired by the Lessee or any sublessee or assignee of the Lessee and installed or located at or on the Leased Premises or necessary for the operation of the Lessee's business or the business of any sublessee or assignee of the Lessee; *provided, however*, the term "Lessee's Equipment" shall not include any building systems, including, but not limited to, heating, ventilating, lighting, air conditioning, plumbing and electrical fixtures, equipment and systems.

"Rent" shall mean Basic Rent.

ARTICLE TWENTY-THREE NO MERGER OF TITLE

Section 19.1. There shall be no merger of this Lease, nor of the Leasehold Estate created by this Lease, with the fee estate in the Leased Premises by reason of the fact that this Lease or the Leasehold Estate created by this Lease or any interest in this Lease or in such Leasehold Estate may be held by or for the account of any person who shall own the fee estate in the Leased Premises; and no such merger shall occur unless and until all persons (including any mortgagees) at the time having an interest in the fee estate in the Land and in the Improvements, and all persons (including the mortgagees) at the time having an interest in this Lease, or the Leasehold Estate created by this Lease shall join in a written instrument effecting such merger and shall duly record the same.

**ARTICLE TWENTY-FOUR
PERSONAL LIABILITY OF THE LESSEE**

Section 20.1. Anything to the contrary contained herein notwithstanding, it is agreed and stipulated by the Lessor that no personal liability of any kind or character whatsoever shall attach to the Lessee, but the Lessor and each and every succeeding owner or holder of the fee simple title to this Leased Premises shall look exclusively to the Improvements situated on the Leased Premises for the payment and discharge of any monies due or obligations imposed upon the Lessee hereunder, provided, however, that Lessor shall not look to that part of the Improvements subject to the Federal Interest.

**ARTICLE TWENTY-FIVE
QUIET ENJOYMENT**

Section 21.1. So long as the Lessee pays all of the Basic Rent and performs all of its other obligations hereunder, the Lessee shall peaceably and quietly have, hold and enjoy the Leased Premises without hindrance, ejection or molestation by the Lessor or any other person lawfully claiming through or under the Lessee, subject, nevertheless, to the provisions of this Lease. This covenant shall be construed as a covenant running with the Leased Premises.

**ARTICLE TWENTY-SIX
CONDITION OF LAND**

Section 22.1. No agreements or representations have been made to Lessee regarding the condition of the Land or its suitability for Lessee's intended use. By executing this Lease Agreement, Lessee conclusively waives all claims relating to the condition of the Land.

**ARTICLE TWENTY-SEVEN
COMPLIANCE WITH LAWS**

Section 23.1. Lessee shall, at all times during the Term, comply (and shall cause its employees and agents to comply) with all laws, codes, statutes, ordinances and regulations applicable to this Lease Agreement.

ARTICLE TWENTY-EIGHT
105 ILCS 5/34 PROVISIONS

Section 24.1. This Lease Agreement is not legally binding on the Lessor 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 Members during the one-year period following expiration or other termination of their terms of office.

Section 24.2. Each party of this Lease Agreement hereby acknowledges that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago School Reform Board of Trustees 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.

ARTICLE TWENTY-NINE
BOARD OF EDUCATION INDEBTEDNESS POLICY

Section 25.1. The Board of Education Indebtedness Policy (95-0726-EX3), adopted July 26, 1995, and as amended (96-0626-PO3) on June 26, 1996, is hereby incorporated into and made part of this Lease Agreement as if fully set forth herein.

ARTICLE THIRTY
BOARD OF EDUCATION ETHICS CODE

Section 26.1. Section 30.1. The Board of Education Ethics Code (95-0927-RU3), adopted September 27, 1995, and as amended (96-0327-PO7) on November 19, 1997 (97-1119-PO1) is hereby incorporated into and made part of this Lease Agreement as if fully set forth herein.

ARTICLE THIRTY-ONE
GOVERNING LAW

Section 27.1. This Lease Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois.

ARTICLE THIRTY-TWO
ENTIRE AGREEMENT

Section 28.1. This Lease Agreement represents the entire agreement between Lessor and Lessee and supersedes all prior negotiations, representations or agreements, whether written or oral. This Lease Agreement may be amended or modified only by a written instrument executed by both Lessor and Lessee.

PARTICLE THIRTY-THREE
SEVERABILITY

Section 29.1. In case any provision in this Lease Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

ARTICLE THIRTY-FOUR
EXHIBITS

Section 30.1. All exhibits attached hereto are hereby incorporated into this Lease Agreement by this reference and expressly made a part of this Lease Agreement.

ARTICLE THIRTY-FIVE
NO THIRD PARTY BENEFICIARY

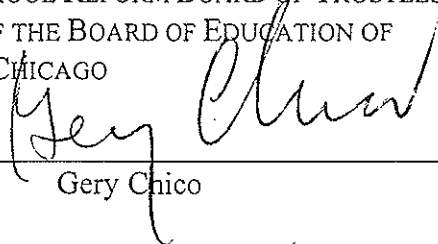
Section 31.1. Except as provided herein, in 45 C.F.R. Part 74 (1997) and succeeding federal laws and regulations concerning the rights and Federal interest of DHHS, and in federal law concerning federal beneficial ownership, this Lease Agreement is not intended and shall not be construed so as to grant, provide or confer any benefits, rights, privileges, claims, causes of action or remedies to any person or entity as a third party beneficiary under any statutes, laws, codes, ordinances or otherwise.

ARTICLE THIRTY-SIX
LESSOR'S CONSENT

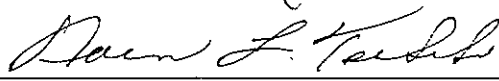
Section 36.1 Where Lessor's consent is required pursuant to this Agreement, such consent shall be deemed to have been given if Lessor shall not have refused such consent within 45 days following Lessee's request for such consent, accompanied by such information as Lessor may reasonably require in connection therewith.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the day and year first above written.

LESSOR:
CHICAGO SCHOOL REFORM BOARD OF TRUSTEES
ON BEHALF OF THE BOARD OF EDUCATION OF
THE CITY OF CHICAGO

By: 
Gery Chico

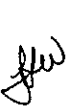
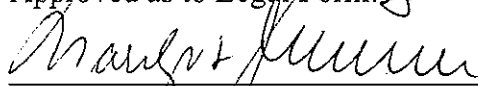
Its: President

By: 
Norma L. Tsuhako

Its: Secretary

Authority: 98-0325-0P4

Dated: April 14, 1998

Approved as to Legal Form: 


Marilyn F. Johnson, Attorney
for the Board of Education of the
City of Chicago

Date: April 6, 1998

Lessee:
THE OUNCE OF PREVENTION FUND, INC.

By: 
Harriet Meyer

Its: Executive Director

Attest: _____
Its: Secretary

EXHIBIT A
(TO INDENTURE OF LEASE)

DESCRIPTION OF REAL PROPERTY

LEGAL DESCRIPTION

That part of Lots 1 to 48, both inclusive, in Block 3 and Lots 5 to 48, both inclusive, in Block 4 in William M. Derby's Subdivision of the Southwest Quarter of the Northwest Quarter of Section 10, Township 38 North, Range 14 East of the Third Principal Meridian and Sub-Lots 1, 2 and 3 in Harris and MC Gimsie's Resubdivision of Lots 1, 2, 3 and 4 in Block 4 in William M. Derby's Subdivision of the Southwest Quarter of the Northwest Quarter of Section 10, Township 38 North, Range 14 East of the Third Principal Meridian, together with all of the vacated North and South 20 foot alleys lying between the Lots in said Blocks 3 and 4 in William M. Derby's Subdivision aforesaid, and together with the vacated part of 50th Street lying between said Blocks 3 and 4 in William M. Derby's Subdivision aforesaid and the vacated alleys in said blocks, taken as a tract and described as follows:

Commencing at the North line of vacated 50th Street and the East line of South State Street; thence South along said East line of South State Street, 178.50 feet to the point of beginning; thence East at right angles to the last described course, 144.50 feet; thence South at right angles to the last described course, 132.50 feet; thence East and Perpendicular to the West line of Wabash Avenue, 197.14 feet; thence South along said West line of Wabash Avenue, 238.32 feet; thence West at right angles to the last described course, 167.67 feet; thence Northwesterly along a curve tangent to the last described line having a radius of 8.00 feet, Delta 76 degrees 47 Minutes 33 Seconds and an arc length of 10.72; thence Northerly along a line tangent to the last described curve, 7.80 feet; thence Northwesterly along a curve tangent to the last described line having a radius of 12.0 feet, Delta 63 Degrees 41 Minutes 08 Seconds and an arc length of 13.34 feet; thence Northerly along a line tangent to the last described curve 11.90 feet; thence Northwesterly along a curve tangent to the last described course having a radius of 16.0 feet, Delta 64 Degrees 08 Minutes 16 Seconds and an arc length of 17.91 feet; thence Northerly along a line tangent to the last described curve, 11.92 feet; thence Northwesterly along a curve tangent to the last described line having a radius of 12.0 feet, Delta 63 Degrees 39 Minutes 36 Seconds, and an arc length of 13.33; thence Northwesterly along a line tangent to the last described curve, 12.23 feet; thence North along a line parrallel with the East line of South State Street, 107.35 feet; thence West and perpendicular to the East line of South State Street, 108.50 feet; thence North along the East line of South State Street, 202.50 feet to the point of beginning.

Address: 5044 South Wabash Avenue, Chicago, Illinois

Permanent Tax Numbers (PIN): 20-10-112-001-0000

20-10-118-001, 002, 003, 004

EXHIBIT B
(TO INDENTURE OF LEASE)

DESCRIPTION OF EARLY CHILDHOOD CENTER

A one-story building of approximately 24,000 square feet with landscaped grounds, to be located on the land, to accommodate approximately 175 children. The building will be substantially as depicted on the May 13, 1997 Site Plan and Building Plan attached hereto. Lessee will provide early childhood education and care consistent with the Federal Head Start Performance Standards from time to time in effect.

EXHIBIT C
(TO INDENTURE OF LEASE)

JANITORIAL SERVICES

I. General Office and Classroom

A. Daily (Monday through Friday)

1. Vacuum all rugs and carpeted areas
2. Damp mop all stone, ceramic tile and terrazzo areas
3. Sweep all other uncarpeted areas
4. Dust all top surfaces
5. Clean all water fountains and water coolers
6. Empty and clean all waste receptacles

B. Periodic

1. Remove finger marks from all surfaces near light switches, door jambs, etc. - weekly
2. Sweep floors in private and public stairwells weekly
3. Dust all vertical surfaces - monthly
4. Dust exterior lighting fixtures - quarterly
5. Clean all interior window metal surfaces of perimeter walls - quarterly
6. Wash telephones - monthly
7. Clean and buff all resilient flooring as required

II. Lavatories

A. Daily (Monday through Friday)

1. Wash all floors
2. Wash and polish all mirrors and bright work
3. Wash and disinfect all toilet seats, basins, bowls and urinals
4. Refill towel dispensers, soap dispensers, tissue holders, material furnished by Landlord
5. Empty paper towel receptacles

B. Periodic

1. Clean and wash all partitions - weekly
2. Clean and wash all tile walls - monthly
3. High dusting including lights and grills - monthly
4. Machine scrub all floors at least monthly