

**LEASE**  
**BY AND BETWEEN**  
**VILLAGE OF VERNON HILLS**  
**AND**  
**PAR DEVELOPMENT, INC.**

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## LEASE

Lease made this 9<sup>th</sup> day of April, 1996, between the **VILLAGE OF VERNON HILLS**, an Illinois municipal corporation ("Landlord") and **PAR DEVELOPMENT, INC.**, a \_\_\_\_\_ corporation ("Tenant").

### ARTICLE I RECITALS

1.1 Preliminary Statement: Landlord is an Illinois municipal corporation organized and existing under and by virtue of a charter duly adopted by the electors of the Village of Vernon Hills. Landlord owns that certain parcel of real property legally described on Exhibit "A" hereto ("Premises") which Premises are improved with, *inter alia*, an 18-hole championship golf course commonly known as "The Moors" (referred to herein as "Golf Course"), located within the limits of the Village of Vernon Hills.

Tenant is a corporation duly organized and existing under the laws of the State of \_\_\_\_\_ incorporated for the purpose of developing, managing and operating public and private golf courses. On November 14, 1995, the Village Board of Trustees of the Village of Vernon Hills authorized the Village Finance Director to solicit proposals for the leasing of the Golf Course. In response to that solicitation, Tenant submitted its proposal, which was evaluated and determined to be the best proposal received.

Tenant has heretofore entered into that certain Development Agreement dated of even date herewith pursuant to which Developer has agreed to construct the Golf Course at the Premises. The Village has executed this Lease in consideration of the

full and faithful performance by Tenant of each of its obligations as Developer under the Development Agreement. Tenant has inspected the Golf Course and is willing to lease the same from Landlord pursuant to the terms, covenants and conditions of this Lease.

On April 9, 1996, the Village Board of the Village of Vernon Hills, by resolution, approved this Lease and authorized the Village President to execute the same.

1.2 Definitions: As use in this Lease, the following words and phrases shall have the following meanings:

1.2.1 Premises: The parcel(s) of real property and the improvements thereon, including the Golf Course, as shown on Exhibit "A".

There are excepted and reserved from the Premises the wetlands designated on Exhibit "A" along with all minerals and mineral rights of every kind or nature lying below the surfaces of the Premises. This Lease shall confer no rights in Tenant or its successors-in-interest to the subsurfaces of the Premises.

The Premises are subject to the agreements, leases, subleases, permits, conditions, restrictions and rights of way listed or referred to in Exhibit "B" and shall be subject to such rights of way for sewers, pipelines, conduits and utilities as Landlord shall, from time to time, determine to be necessary. Landlord shall have the right to repair and maintain the foregoing and, except in case of emergency, shall perform all repairs and maintenance during the golf off-season. Upon completion of any repairs or maintenance, Landlord shall restore the Premises to the condition which existed immediately prior to the performance of such repairs or maintenance.

1.2.2 Village: The Village of Vernon Hills.

1.2.3 Village Manager: The Village Manager of the Village of Vernon Hills.

1.2.4 Landlord's Original Address:

Village Manager  
290 Evergreen Drive  
Vernon Hills, Illinois 60061

With a copy to:

Schain, Firsel & Burney, Ltd.  
222 North LaSalle Street, Suite 1910  
Chicago, Illinois 60601  
Attn: Mr. Bernard I. Citron

1.2.5 Tenant's Original Address:

Par Development, Inc.  
99 Boulder Drive  
Lake In The Hills, Illinois 60102

1.3 Exhibits:

Exhibit "A" Description of Premises

Exhibit "B" Agreements, Leases, Subleases, Permits, Conditions and Restrictions

## ARTICLE II

### PREMISES, TERM, OPTIONS TO EXTEND, APPURTENANT RIGHTS AND DUTIES

2.1 Premises: Landlord leases to Tenant and Tenant leases from Landlord the Premises and all buildings and improvements situated thereon, subject to the terms, covenants and conditions set forth in this Lease.

2.2 Term: The term of this Lease ("Term") shall be for twenty-five (25) years commencing upon (i) substantial completion of the Golf Course by the Developer (as defined in the Development Agreement) such that the Golf Course is in playable condition, as certified by the Architect (as defined in the Development Agreement) or by the Chicago District Golf Association and (ii) issuance of any certificate required by the Village prior to the occupancy of and/or commencement of business operations from the Premises ("Commencement Date") and ending at midnight on the day preceding that date which is the twenty-five (25) year anniversary of the Commencement Date ("Termination Date"). Notwithstanding the foregoing, Landlord shall have the right, in Landlord's sole unfettered discretion, to terminate this Lease, effective as of the fifth, tenth, fifteenth or twentieth anniversary of the Commencement

Date, upon (a) not less than ninety (90) days written notice prior to the effective date of such termination, and (b) payment of a termination fee according to the following schedule:

Effective Date of Termination	Termination Fee
Fifth Anniversary of Commencement Date	\$9,400,000
Tenth Anniversary of Commencement Date	\$9,400,000
Fifteenth Anniversary of Commencement Date	\$7,300,000
Twentieth Anniversary of Commencement Date	\$4,200,000

2.3 Golf Course Equipment: Prior to the Commencement Date, Tenant, at its cost, shall acquire all of the equipment required to operate and maintain the Golf Course as herein provided ("Golf Course Equipment") and, at its cost, shall replace any item which is withdrawn from service by it as a result of damage or a defective condition which cannot be repaired. Any item of equipment so withdrawn from service shall be replaced with an item of equal quality. Upon replacement of any item by Tenant, title thereto shall vest and remain in Tenant. Upon termination of this Lease (whether by lapse of time or otherwise), Village shall have the option to purchase all Golf Course Equipment and any replacements or substitutions therefor within thirty (30) days following termination. In the event the parties are unable to agree upon a price for the Golf Course Equipment, the price shall be equal to the fair market value of the Golf Course Equipment as determined by an independent third-party appraiser

experienced in the valuation of such equipment ("Appraiser") selected by the parties. In the event the parties are unable to agree on the Appraiser, each party shall select an appraiser who in turn shall select the Appraiser. The determination of the Appraiser as to market value shall be binding. Upon determination of the market value of the Golf Course Equipment, Landlord shall thereupon elect to purchase the Golf Course Equipment at a price equal to the fair market value as determined by the Appraiser or to decline to purchase the Golf Course Equipment. In the event Landlord elects not to purchase the Golf Course Equipment, Landlord shall thereafter have a right of first refusal with respect to any offer made to Tenant to purchase the Golf Course Equipment or any portion thereof for a price lower than the fair market value of the Golf Course Equipment as determined by the Appraiser.

2.4 Course Operation: The Golf Course shall at all times during the Term of this Lease be operated as a public daily fee golf course. Tenant shall operate the Golf Course at all times in a manner consistent with first-class golf course operations in the greater Chicago metropolitan area. Tenant shall offer no discounted green fees or cart rates except as expressly authorized by Landlord. Tenant shall not deviate from the policies set forth above nor institute new policies concerning any matters addressed in the policies set forth above without first obtaining the written consent of the Village Manager or his designee. Landlord and its designated representatives shall have the right at any commercially reasonable time to inspect the operation of the Golf Course for compliance with the requirements of this Lease.

(a) For all persons residing within the limits of the Village ("Village Residents"), Tenant shall discount the applicable greens fee and golf cart rates fifteen percent (15%).

(b) In the event Tenant offers permanent tee times, Tenant shall offer permanent tee times for Saturday and Sundays only between the second weekend in April and the third weekend in September, in such number and at such times as reasonably determined by the Class "A" PGA professional described in Section 6.5, subject to the approval of the Village, but in no event will permanent tee time reservations be accepted for tee times after 12:00 Noon. Village Residents shall be given preference with respect to permanent tee times such that all Village Residents who make timely application for permanent tee times and pay the prescribed fee, if any, shall be given a choice of tee times prior to any choice being afforded to anyone not a Village Resident. Tenant shall establish a lottery or other system of random selection of the order in which Village Residents and non-Village Residents choose permanent tee times within their respective groups. Tenant may charge a fee for the right to choose a permanent tee time, which fee shall be subject to Village approval and discounted fifteen percent (15%) for all Village Residents. All permanent tee times shall be effective for one season only, between the dates designated above.

Tenant further agrees that it will designate a responsible management employee to attend meetings of the Village Board or Board Committee having jurisdiction over the Golf Course as requested by Landlord and to provide to said Committee such

information as may be requested to enable the Board or Committee to discharge its duties and responsibilities to the Village Manager.

2.5 Signs and Advertising: All signage to be used by Tenant to advertise or identify the Golf Course shall, (i) be subject to Landlord's approval as to color, design and logo; (ii) identify the Golf Course only by the name "The Moors" or such other name as Landlord may direct or approve in writing; (iii) identify the Golf Course as a joint development of Landlord and Tenant; and (iv) conform to all ordinances of the Village with respect to signs (as may be varied by the Village). All promotional and advertising materials shall also comply with the requirements listed above as (i), (ii) and (iii). Prior to the Commencement Date and at least sixty (60) days prior to the commencement of each Lease Year, Tenant shall provide to Landlord a written description of and budget for advertising and promotions for such Lease Year.

### ARTICLE III RENT

3.1 Lease Year: The words "Lease Year" as used in this Lease shall mean a calendar year commencing January 1 and ending December 31.

3.2 Rent: For each Lease Year and partial lease year after the Commencement Date, Tenant shall pay to Landlord rent in the amount, manner, and at the times hereinafter set forth.

3.2.1 Percentage Rent: For the purpose of providing adequate rental to Landlord for Tenant's use and occupancy of the Premises, Tenant shall pay, as rent, an amount equal to the total of the products of the percentages stated below and

Tenant's Net Profit (as hereinafter defined) from the Premises for each Lease Year. For purposes hereof, the term "Tenant's Net Profit" shall be defined as gross receipts (as defined below) less all operating costs and expenses which are deductible for federal income tax purposes, including depreciation of Golf Course Equipment and depreciation of any and all buildings and structures constructed by Tenant or by Developer pursuant to the Development Agreement, but specifically excluding reserves, depreciation of any assets other than Golf Course Equipment, and any debt service or loan interest paid or accrued by Tenant.

Lease Year	Annual Rent-Percentage of Tenant's Net Profits
1 - 10	1%
11 - 20	5%
21 - 25	20%

3.2.2 Payment of Percentage Rent: Tenant shall pay the percentage rent to Landlord annually in arrears, within thirty (30) days following the end of each Lease Year or partial Lease Year. The percentage rent for the last Lease Year or partial Lease Year of the Term shall be paid within thirty (30) days following the expiration or Termination Date.

3.3 Gross Receipts: The term "gross receipts" shall mean all income and proceeds of sales of every kind, whether in cash or on credit and whether collected or not, resulting from businesses conducted in, on or from the Premises by Tenant or by any of Tenant's sublessees, concessionaires or licensees, including, without limitation, all income received for golf instruction.

3.3.1 Exclusions from Gross Receipts: Notwithstanding anything to the contrary, the term "gross receipts" shall exclude the following:

(a) All credits or refunds made to customers, the amount of which had previously been included in the gross receipts reported, and all sums or credits received in settlement of claims for loss or damage to merchandise.

(b) All sales taxes, retailers' excise taxes, gross receipts taxes, transaction taxes, Illinois, Lake County and Vernon Hills sales taxes, and other similar taxes paid to or collected by, or payable by Tenant.

3.4 Accounting Statements: Within ninety (90) days after the end of a Lease Year (including any partial Lease Year at the beginning and/or at the end of the Term or any extension thereof), Tenant shall prepare and deliver or cause to be prepared and delivered to Landlord a complete annual financial statement for the Golf Course certified to be correct by Tenant and prepared and audited by a certified public accountant in accordance with generally accepted accounting principles containing a (i) statement of gross receipts for the Golf Course and the business activities conducted in, on and from said Golf Course, and (ii) a computation of percentage rent. Landlord shall be deemed to have accepted such financial statements and waived any objections thereto unless Landlord has either notified Tenant in writing of such objections within twenty-four (24) months of receipt thereof or has commenced its special audit as provided in Paragraph 3.6.

3.5 Records: Tenant shall keep or cause to be kept at the Golf Course full and complete books of account and other records reflecting the results of all business

transactions conducted in, on or from the Golf Course. Such books and records shall include a daily record of gross receipts and shall categorize receipts by type of function from which derived. Tenant shall maintain a method of accounting for the receipts and disbursements in connection with all business transactions conducted in, on or from the Golf Course which correctly and accurately reflect all gross receipts and disbursements. Tenant's books of account and records shall include, but not be limited to, general ledgers, cash receipts, sales and purchases journals including any supporting and underlying documents such as vouchers, checks, tickets and bank statements, state and county sales tax returns and checks and other documents proving payment of the sums shown and such other accounting records as Landlord, in its sole discretion, deems necessary. Tenant's records and books of account shall reflect only those transactions conducted in, on or from the Golf Course and shall not be maintained on a consolidated basis with any other corporate activities or with any other corporation, including without limitation, any parent corporation or other wholly-owned subsidiary or affiliate of Tenant. Said records and books of account shall be kept and maintained in accordance with generally accepted accounting practices. Landlord's duly-authorized representative shall have access to said records and books of account at all reasonable times for the purposes of examining the same and, if Landlord elects, of auditing the same. Tenant shall use or cause to be used receipt-printing, non-resettable cash registers located at the Golf Course and shall record or cause to be recorded on the cash register(s) every cash sale or other transaction occurring at the Golf Course.

Tenant shall not install any other cash register without first obtaining the approval of the Village Manager or his designee.

3.6 Special Audit: Landlord shall be entitled once during each Lease Year, and once within a period of nine (9) months following the expiration or termination of this Lease, to commence a special audit of Tenant's records and books of account. Tenant shall cooperate fully with said Landlord's representatives in the making of said special audit. The audit shall be conducted during usual business hours. If there is a deficiency in the payment of percentage rent due Landlord, the deficiency shall become immediately due and payable together with interest thereon at the rate of ten percent (10%) per annum from the date of Landlord's demand for payment of the deficiency. If the amount of any deficiency for any Lease Year or partial Lease Year exceeds three percent (3%) of the rent paid, Tenant shall pay the cost of the special audit; otherwise, the cost thereof shall be paid by Landlord.

3.7 Failure to Furnish Statements: If Tenant shall fail to prepare and deliver or cause to be prepared and delivered any accounting statements within the time provided in Paragraph 3.4 and such failure shall continue after thirty (30) days' notice thereof by Landlord to Tenant, Landlord may cause an audit to be made of all books, records and accounts of business operations conducted in, on or from the Premises and for such delinquent accounting period and may prepare the statement or statements which Tenant shall have failed to prepare and deliver. Said audit or audits shall be in addition to the special audit provided for in Paragraph 3.6. Tenant shall pay on demand all expenses of such audit and the preparation of any such statements and

all sums as may be shown by such audit to be due as rent, together with interest thereon at the rate of ten percent (10%) per annum from the date of Landlord's demand.

3.8 Negation of Partnership: Landlord shall not become or be deemed a partner or joint venturer with Tenant by reason of this Lease or any provision hereof.

3.9 Budget: Prior to the Commencement Date and at least thirty (30) days prior to the commencement of each Lease Year, Tenant shall provide to Landlord a projected operating budget for such lease Year.

#### **ARTICLE IV USE OF PREMISES**

4.1 Permitted Uses: Tenant shall not use or allow the Premises to be used for any purpose other than the operation of a public daily-fee golf course, driving range and clubhouse, and golf pro shop, the furnishing of golf lessons, and related services, except with the prior written approval of Landlord. Tenant shall operate the Golf Course "The Moors" and under no other name without the express written direction or consent of Landlord. Tenant shall not allow the Premises to be used for any noxious or offensive purposes and shall not permit any disruption or interruption of the quiet use and enjoyment of their property by adjacent or nearby property owners.

4.2 Continuous Operation: During the Term, Tenant shall continuously cause the Premises to be operated in such a manner as to maximize income consistent with the permitted uses specified in Paragraph 4.1. In this regard, Tenant shall keep the Golf Course open for play on such dates and during such hours as Tenant deems reasonably necessary to maximize receipts while preserving the integrity and playability

of the Golf Course. The Driving Range may be kept open until 10:00 p.m. If the Premises are partially destroyed and this Lease remains in full force and effect, Tenant shall continue business operations thereat to the extent reasonably practical from the standpoint of good business judgment during the period of restoration.

#### **ARTICLE V** **CAPITAL IMPROVEMENTS**

5.1 Capital Improvements: Within ninety (90) days following the earlier of (i) the end of any Lease Year wherein Gross Receipts are equal to or in excess of One Million Six Hundred Fifty Thousand and 00/100 Dollars (\$1,650,000.00), or (ii) that date which is five (5) years following the date on which the Golf Course is open to the public for business. Tenant, at its cost, shall further develop and improve the Premises by commencing construction of the Clubhouse in accordance with specifications to be approved by Landlord prior to the commencement of construction of the Clubhouse and diligently prosecuting same to completion as expeditiously as possible and in no event later than six (6) months following the commencement of construction of the Clubhouse; provided, however, no construction shall be commenced without the prior written consent and approval of the Village Manager or his designee. Tenant agrees to expend not less than Six Hundred Thousand and 00/100 Dollars (\$600,000.00) on labor and materials required to build the Clubhouse, expressly excluding all "soft costs", including but not limited to legal fees, engineering fees and architectural fees. Tenant's covenant to build the Clubhouse shall not in any way relieve Tenant from its obligation to maintain the Golf Course in a first-class condition at all times during the balance of

the Term. Commencing with the first year of the Term and each Lease Year thereafter, Tenant, at its cost, shall make such additional improvements to the Premises ("Tenant's Additional Work") each Lease Year as shall be recommended to Tenant by Landlord on or before November 1 of the Lease Year preceding the Lease Year during which the Tenant's Additional Work is to be performed. Tenant may make such other improvements as it may deem necessary; provided, however, Tenant shall not perform any work hereunder without the prior written consent of the Village Manager or his designee. On or before the Commencement Date, and on or before January 31 of each Lease Year thereafter, Tenant shall submit to Landlord for approval an improvement program describing in reasonable detail the elements and costs of Tenant's Additional Work to be performed during the Lease Year for which the improvement program is submitted. Upon approval by Landlord of Tenant's capital improvement program, Tenant shall promptly commence construction thereof and diligently prosecute Tenant's Additional Work to completion.

5.2 Compliance with Laws: Tenant's Work and Tenant's Additional Work shall conform with all applicable governmental rules, regulations and orders. Prior to commencement of construction, Tenant shall procure at its expense all necessary building, fire, safety and other permits. Landlord will cooperate with Tenant in obtaining such permits; provided, however, this covenant to cooperate shall not be deemed or construed as a waiver of any right or obligation of Landlord acting in its governmental capacity.

5.3 Completion of Tenant's Work: Tenant's Work and Tenant's Additional Work shall be deemed to have been completed upon execution and delivery to Landlord of a written notice certifying completion thereof and further certifying that all costs and expenses thereof have been paid and that there are no unpaid costs or expenses of any nature related thereto.

5.4 Mechanics' Liens: Tenant shall pay as soon as due all mechanics', laborers', materialmans', contractors', subcontractors' or other similar charges or liens on the Premises. Nothing contained herein shall in any respect make Tenant the agent of Landlord or authorize Tenant to do any act or to make any contract encumbering or in any manner affecting the title or rights of the Landlord in or to the Premises. If any such mechanics' or other similar liens shall at any time be filed against Landlord's interest in the Premises, Tenant shall cause the same to be discharged of record within thirty (30) days after the date of filing the same or otherwise free the Premises from such claim or lien and any action brought to foreclose such lien, or Tenant shall promptly furnish to Landlord a bond in the amount issued by a surety company or endorsement issued by a reputable title insurance company satisfactory to Landlord, securing Landlord against payment of such lien and against any and all loss or damage whatsoever in any way arising from the failure of Tenant to discharge such lien. Tenant may in good faith contest any of such liens provided it does so with due diligence and further provided that Tenant shall fully pay and immediately discharge the amount of any final judgment granted against Landlord or Tenant in any litigation involving the enforcement of such lien or the validity thereof. In the event Tenant fails or refuses to

discharge of record any such uncontested lien within said thirty (30) day period or to pay and satisfy any such judgment as provided above, Landlord, following five (5) days written notice to Tenant of Landlord's intent, may, but shall not be obligated to, pay the amount thereof, including any interest thereon and any court costs assessed against Tenant in any litigation. Any amounts paid by Landlord and all reasonable attorneys' fees and other expenses of Landlord, together with interest thereon at the rate of ten percent (10%) per annum from the date of payment, shall be deemed additional rent and shall be paid by Tenant to Landlord on demand.

.5.5 Notification of Commencement of Work: Tenant shall notify Landlord in writing twenty (20) days prior to the commencement of Tenant's Work or Tenant's Additional Work. Tenant shall likewise notify Landlord of any work or improvement to facilities, structures, and other improvements not included in Tenant's Work or Tenant's Additional Work.

5.6 Tenant's Property: Any building, structure or other improvement constructed or placed on the Premises by Tenant, at Tenant's cost, shall become and remain the property of Tenant during the Term or any extension thereof. Upon the termination of this Lease (whether by lapse of time or otherwise), all such buildings, structures and improvements shall be and/or become the property of Landlord without the payment of any compensation therefor.

## ARTICLE VI TENANT'S ADDITIONAL COVENANTS

6.1 Condition of Premises: Tenant acknowledges that it has inspected the Premises and has evaluated the condition thereof with respect to Tenant's operations

thereof in accordance with the terms, covenants and conditions contained in this Lease. Tenant accepts the Premises in their present condition. Tenant, at its cost, agrees to keep the Premises free of all rubbish, debris and litter and keep all furniture, furnishings, equipment (whether owned by Landlord or Tenant) and improvements located thereon in good order, repair and condition, reasonable wear and tear accepted. With respect to the maintenance and repair of the Golf Course grounds, Tenant shall maintain the Golf Course in a manner consistent with the manner in which Joseph Jemsek and the Jemsek family maintains its golf courses, including Cog Hill, Pine Meadow and St. Andrews. Tenant shall arrange, at least once each Lease Year, for inspections of the Golf Course and Tenant's maintenance procedures by the Green Turf Advisory Committee of either the United States Golf Association or Chicago Golf Association and shall provide copies of any and all inspection reports within ten (10) days following each such inspection. Tenant, at its cost, shall perform such additional maintenance and repair as may be required to maintain the golf course grounds in an attractive and playable condition. Tenant shall expend for maintenance of the Golf Course an amount not less than Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) annually. Said expenditures shall be separately scheduled on the audited operating statements to be provided to Landlord pursuant to Section 3.5 and shall be subject to audit in the same manner as set forth in Section 3.6. In the event Tenant fails to expend at least Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) in Golf Course maintenance in any Lease Year, the difference between Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) and the amount so

expended shall be due and payable as rent hereunder within ten (10) days following Landlord's demand therefor. Tenant acknowledges that its obligation to maintain and repair the Premises shall include those areas adjacent to the Golf Course which extends to the curbs of streets.

6.2 Golf Carts: Tenant, at its cost, shall acquire or lease and provide for use by the public not less than seventy-five (75) golf carts for the Golf Course. The golf carts may be gasoline-powered carts for the first five (5) Lease Years. Upon expiration of the fifth (5th) Lease Year, Tenant shall replace any remaining gasoline-powered carts with electric carts. In addition, Tenant, at its cost, shall provide at the Golf Course such electrical charge units, tools, spare parts, air compressors, truck batteries, racks, hoses and towbars as may be reasonably required to maintain each of the golf carts in good operating condition. Tenant further agrees, at its cost, to replace the golf carts as reasonably required so that all carts are fully operational, safe, undamaged and suitable for use, and at least once each five (5) years during the Term and any extension thereof. In no event shall any cart be in service for longer than five (5) years. At all times the golf carts shall be and remain the property of Tenant.

6.3 Pro Shop Inventory: At all times Tenant, at its cost, shall maintain and display the pro shop at the Golf Course an inventory of golfing equipment, supplies, and apparel which shall be offered for sale to the public at reasonable prices comparable to other 18-hole public golf courses in the greater Chicago metropolitan area.

6.4 Ranging: Tenant, at its cost, shall furnish such personnel as may be required to marshal the play of golfers at least forty (40) hours per week for the Golf Course to permit the play of thirty (30) golfers per hour without substantial delay, weather and other relevant conditions permitting.

6.5 Golf Course Management: Tenant, at its cost, shall obtain the services of a PGA Class "A" professional golfer to manage the pro shop and to furnish golf lessons, and a Class "A" golf course superintendent to supervise grounds maintenance activities.

6.6 Employees: All Golf Course employees shall be employees of Tenant or of any party contracting with Tenant but shall in no way be deemed to be employees of Landlord. All employees handling or spraying fungicides, herbicides or insecticides shall be certified as Public Operations by the Illinois Department of Agriculture, Division of Agriculture Industry Regulation, Bureau of Plant and Apiary Protection.

6.7 Utilities: Tenant shall promptly pay for all utilities and related services furnished to the Premises during the Term or any extension thereof, including but not limited to, water, gas, electricity and sewer charges. Landlord shall make available, on or prior to March 31, 1997, a water source providing at least one million (1,000,000) gallons in ten (10) hours to irrigate the Golf Course. The source shall be shallow wells, direct draw down of Lake Charles, or other methods acceptable to Tenant. If such water source is not made available on or before said date, Tenant may thereupon terminate this Lease (and Developer may thereupon terminate the aforescribed Development Agreement) upon not less than thirty (30) days written notice, during

which period Landlord may make such water source available and, if Landlord does so, Tenant's notice of termination shall be null and void and of no further force and effect.

6.8 Alterations: Tenant shall not make any alterations to the Premises or any improvement on the Premises for which a building permit is required under the provisions of the Vernon Hills Municipal Code without Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. To obtain that consent, Tenant shall submit to the Village Manager or his designee reasonably detailed plans and specifications of the proposed alteration, together with a statement of Tenant's reasons for the alteration. Landlord reserves the right within thirty (30) days after the submission of the plans, specifications, and statement to disapprove any proposed alteration. If the Village Manager or his designee neither approve nor disapprove in writing the proposed alteration within the thirty (30) day period, the proposed alteration shall be deemed approved.

6.9 Compliance with Laws: Tenant covenants to make all repairs, alterations, additions, or replacements to the Premises and the improvements constructed thereon and all equipment, facilities, signs and fixtures thereon, required by law because of Tenant's use thereof; to keep the Premises and improvements constructed thereon equipped with all safety appliances so required because of such use; to procure any licenses and permits required for any such use; and to comply with all laws, ordinances, orders and regulations of all governmental authorities having jurisdiction over the Premises and the business activities thereon, **including but not limited to full compliance with all local, state and federal laws concerning the handling,**

storage and disposal of any hazardous materials or toxic wastes and any and all other environmental statutes, ordinances, rules and regulations, including but not limited to the Comprehensive Environmental Response, Compensatory and Liability Act (CERCLA); the Resource Conservation and Recovery Act (RCRA); the Toxic Substances and Control Act (TOSCA); and the Federal Clean Air Act and Clean Water Act.

6.10 Indemnification:

(i) Tenant covenants to defend and save Landlord and its officers and employees harmless and indemnified from and against any and all actions, suits, proceedings, claims, demands, costs (including attorneys' fees and court costs), expenses and liabilities of any kind or nature whatsoever for injury to or death of persons or damage to property (including property owned by Landlord) which may be brought, made, filed against, imposed upon or sustained by Landlord, its officers or employees, based upon or arising out of an act or omission of Tenant, its officers, agents, employees, contractors, licensees or invitees, or of any other person entering upon the Premises with the express or implied invitation of Tenant. This indemnity shall not include claims based upon or arising out of the sole negligence or willful misconduct of Landlord, its officers or employees. Further, this indemnity shall not require payment of a claim by Landlord or its officers or employees as a condition precedent to Landlord's recovery under the same.

(ii) Landlord covenants to defend and save Tenant and its officers and employees harmless and indemnified from and against any and all actions, suits,

proceedings, claims, demands, costs (including attorneys' fees and court costs), expenses and liabilities of any kind or nature whatsoever for injury to or death of persons or damage to property (including property owned by Tenant) which may be brought, made, filed against, imposed upon or sustained by Tenant, its officers or employees, based upon or arising out of an act or omission of Landlord, its officers, agents, employees, contractors, licensees or invitees, or of any other person entering upon the Premises with the express or implied invitation of Landlord. This indemnity shall not include claims based upon or arising out of the sole negligence or willful misconduct of Tenant, its officers or employees. Further, this indemnity shall not require payment of a claim by Tenant or its officers or employees as a condition precedent to Tenant's recovery under the same.

(iii) In addition to the foregoing, Tenant covenants to defend and save harmless and indemnify the owner of the wetlands identified on Exhibit "A" from and against any and all form and manner of loss incurred by such owner, its successors and assigns, due to injury to or death of persons or damage to property arising out of an act or omission of Tenant, its officers, agents, employees, contractors, licensees or invitees, or of any other person lawfully entering upon the Premises or such wetlands with the consent of Tenant.

6.11 Public Liability/Insurance: Tenant, at its cost, shall maintain public liability and property damage insurance, including fire, with combined single liability limits of not less than Three Million and 00/100 Dollars (\$3,000,000.00), insuring against the liability of Tenant and its authorized agents and representatives arising out of and in

connection with Tenant's use or occupancy of the Premises or the wetlands identified on Exhibit "A". Said policies may contain deductibles in amounts approved by the Village Manager or his designee. In the event Tenant serves or sells alcoholic beverages on the Premises, Tenant shall also obtain dram shop coverage in such amount as may be reasonably required by Landlord.

6.12 Policy Endorsements: Said policy or policies shall provide as follows:

(a) That the Village of Vernon Hills and its officers, agents and employees, are additional named insureds, such insurance to be primary and not contributing with any other insurance maintained by the foregoing.

(b) That in the event of one assured incurring liability to any other of the assured, the policy shall cover the assured against whom claim is or may be made, in the same manner as if separate policies had been issued to each assured.

(c) That said policy or policies either contain a broad form of contractual liability coverage, including contracts and agreements, or have attached to said policy or policies an endorsement providing that such insurance as is provided for therein shall apply to the obligations assumed by Tenant under this Lease.

(d) That the same shall not be canceled or coverage reduced until a thirty (30) day written notice of cancellation has been served upon the Village Manager by registered or certified mail.

6.12.1 Proof of Insurance: Tenant shall deliver said policy or policies of insurance, or certified or photostatic copies thereof, or a certificate thereof, to the Village Manager or his designee for approval as to sufficiency and to the Village

Attorney for approval as to form. If such coverage is canceled or reduced Tenant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the Village Manager or his designee a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies, and said policy shall be submitted for approval as herein provided. At least fifteen (15) days prior to the expiration of any such policy, a certificate showing that the insurance coverage has been renewed or extended shall be filed with the Village Manager or his designee. Tenant agrees to suspend and cease all operations hereunder on the Premises during such periods of time as evidence of required insurance coverage has not been provided to Landlord. Notwithstanding any other provision of this Lease to the contrary, upon failure to so file such certificate or evidence of insurance, Landlord may, without further notice, cancel or terminate this Lease and exercise such other rights as it may have in the event of Tenant's default. Said policy or policies shall insure performance by Tenant of the provisions of Paragraph 6.10. The procuring of such policy or policies of insurance shall not be construed to be a limitation in any respect upon Tenant's obligation of indemnity hereunder.

6.13 Fire and Extended Coverage Insurance: Tenant, at its cost, shall maintain a policy or policies of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, with limits equal to the replacement value of the Premises and such improvements as well as the Golf Course Equipment and Tenant's personal property, equipment and improvements on the Premises. The policy of

insurance shall contain endorsements that the policy will not be canceled or reduced in the scope or amount of coverage until after thirty (30) days' written notice to Landlord. During the Term or any extension thereof, Tenant shall submit to Landlord for approval certified copies of all policies of insurance required to be maintained by Tenant pursuant to this Lease.

6.14 Worker's Compensation Insurance: Tenant, at its cost, shall comply with the provisions of all statutes of the State of Illinois pertaining to Workers' Compensation Insurance and shall furnish, upon demand, proof of compliance to the Village Manager or his designee.

6.15 Other Insurance: Tenant, at its cost, shall insure that all of its employees handling cash or authorized to sign checks or other documents of withdrawal from Tenant's bank accounts shall be bonded by obtaining a comprehensive blanket fidelity policy insuring against the loss of money or other property which may result from dishonesty or fraudulent acts of officers, directors or employees of Tenant.

6.16 Performance Bond: Prior to the Commencement Date, Tenant shall obtain and deposit with Landlord a performance bond ("Bond") in the amount of One Million and 00/100 Dollars (\$1,000,000.00), which Bond shall be conditioned on the faithful performance of the terms, covenants and conditions of this Lease by Tenant. The Bond shall be approved as to sufficiency by the Village Manager or his designee and as to form by the Village Attorney. The obligations and liabilities of the bonding company under the Bond shall be continuing obligations and liabilities and shall be renewed as necessary during the Term of this Lease; provided, however, the bonding

company issuing the Bond, upon giving thirty (30) days prior written notice to Landlord, may terminate its liability only after expiration of the period of such notices. If the bonding company terminates its liability as provided in this Paragraph, Tenant shall furnish Landlord, prior to the expiration of the period stated in the notice, a new Bond in the principal sum stated above. The Bond premium shall be deducted from the Rent payable to Landlord for each Lease Year subsequent to the Tenth Lease Year.

6.17 Taxes: This Lease may result in the Premises becoming subject to, or create a possessory interest subject to, any and all property taxation. Tenant shall be liable for the payment of any and all real estate taxes levied on the Premises or such possessory interest. Tenant covenants to pay or cause to be paid, prior to delinquency, except in the case of contests made in good faith, all real estate taxes, assessments and other governmental and district charges that may be levied or assessed upon the Premises and any buildings, improvements or other property located on the Premises, or upon possessory interests created by this Lease. Satisfactory evidence of such payments shall be delivered to Landlord upon demand therefor. During the Term of the this Lease, Landlord shall not levy or assess any amusement or entertainment tax against Tenant or the Premises.

6.18 Surrender: Upon termination of this Lease (whether by lapse of time or otherwise), Tenant covenants to peaceably yield up and surrender the Premises, including all improvements constructed by Tenant thereon in conformity with the provisions of this Lease, and all and other personal property located thereon (whether originally included on Exhibit "C" or subsequently acquired by Tenant), said Premises,

improvements, and personal property to be in good order, repair and condition, reasonable wear and tear excepted.

6.19 Relocation Assistance: Tenant agrees that nothing contained in this Lease shall create any right in Tenant for relocation assistance or payment upon the termination of this Lease (whether by lapse of time or otherwise).

6.20 Contracts. Tenant shall enter into no contracts (service or executory) and no leases, the term of which (including any options or extensions) would extend beyond the Termination Date.

## **ARTICLE VII** **ASSIGNMENT AND SUBLEASES**

7.1 No Assignment: Tenant shall not voluntarily assign, sublet, nor encumber its interest in this Lease or in the Premises without Landlord's prior written approval. Notwithstanding the foregoing, Tenant may assign this Lease without Landlord's consent to any limited liability company, corporation, limited partnership or general partnership which is owned and controlled by Tenant or Raymond Plote. Any assignment, subletting, or encumbering without Landlord's consent shall constitute a default hereunder and shall be voidable at Landlord's election. No consent to any assignment shall constitute a further waiver of the provisions of this Paragraph.

7.2 Assumption: Simultaneously with any assignment approved by Landlord, the assignee shall execute an agreement running to Landlord assuming Tenant's obligations under this Lease. Tenant shall remain fully obligated under this Lease notwithstanding any assignment or sublease or any indulgence granted by Landlord to

Tenant or to any assignee or sublessee unless Tenant is released in writing by Landlord.

**ARTICLE VIII**  
**CASUALTY AND EMINENT DOMAIN**

8.1 Restoration: If during the Term the Golf Course or any improvements thereon are totally or partially destroyed, this Lease shall not terminate except as specifically provided in this Article VIII and Tenant shall promptly and diligently restore such improvements to substantially the same condition as they were in immediately before such destruction, provided the restoration can be made under existing laws. If the existing laws do not permit the restoration such that the Golf Course can no longer be operated in substantially the same condition as existed prior to such condemnation or casualty, either party may elect to terminate the Lease by giving notice to the other. During the restoration there shall be an equitable abatement or reduction of rent between the date of destruction and the date of completion of restoration.

8.2 Total Taking: If, after the Commencement Date, the whole of the Golf Course shall be taken by right of eminent domain for any public or quasi-public use, then, when possession shall be taken thereunder by the condemnor, other than Village, or any other unit of government acting on behalf of Village or the Tenant is deprived of its commercially-reasonable use of the Premises and other improvements, whichever date is earlier, this Lease and all rights of Landlord and Tenant hereunder shall terminate and any rent and all other payments required of Tenant shall be abated as of such date. In the event of a partial taking of the Golf Course as a result of which the

remaining portion of the Golf Course cannot be restored with the condemnation awards received by Landlord to a reasonably and economically feasible facility of a kind and quality comparable to the facility existing prior to the taking, then this Lease at Tenant's option shall terminate as of the time when possession shall be taken by the condemnor or Tenant is deprived of its commercially reasonable use thereof, whichever date is earlier. If the Golf Course can be restored to a commercially reasonable and economically feasible facility of kind and quality comparable to the facility existing prior to the taking, then this Lease shall not be affected and Tenant shall retain the remaining portion thereof.

8.3 Eminent Domain Award: If there is a taking by right of eminent domain, the rights and obligations of the parties with reference to the award and the distribution thereof shall be determined in accordance with the provisions of this Section. The award shall belong to and be paid to Landlord, except that Tenant shall first receive from the award the following:

- (a) a sum attributable to the value of Tenant's Leasehold Estate; and
- (b) a sum attributable to loss of goodwill.

## **ARTICLE IX DEFAULT**

9.1 Tenant's Default: The occurrence of any one of the following shall constitute an event of default by Tenant:

9.1.1 Failure to pay rent when due if the failure continues for a period of ten (10) days after written notice by Landlord to Tenant.

9.1.2 Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after notice has been given by Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then it shall not be deemed a default of this Lease if Tenant commences to cure the default within said thirty (30) day period and thereafter diligently and in good faith continues to cure the default, in no event to exceed ninety (90) days after said notice.

9.1.3 The interest or estate of Tenant under this Lease shall be transferred to, passed to, or devolve upon, by operation of law, any other person, firm or corporation, except as permitted under the terms of this Lease.

9.1.4 The levy of any attachment or execution or the appointment of any receiver or the execution of any other process of any court which directly or indirectly substantially interferes with Tenant's operations under this Lease and which attachment, execution, receivership, or other process of such court (or the effect thereof) is not vacated, dismissed or set aside within a period of one hundred twenty (120) days.

9.1.5 Tenant shall become insolvent and shall take the benefit of any present or future insolvency statute by making a general assignment for the benefit of creditors, or filing a voluntary petition in bankruptcy or a petition or answer seeking an arrangement for reorganization or the readjustment of indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state law, or consent to the appointment of a receiver, trustee or liquidator of all or

substantially all of their property, if same is not vacated, dismissed or set aside within a period of thirty (30) days.

9.1.6 By order or decree of a court, Tenant shall be adjudged bankrupt, or an order be made approving a petition filed by any of the creditors, seeking the readjustment of its indebtedness under federal bankruptcy laws, or any laws or statutes of the United States, or any state thereof, if same is not vacated, dismissed or set aside within a period of sixty (60) days.

9.1.7 A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against Tenant and shall not be dismissed within one hundred twenty (120) days after the filing thereof.

9.1.8 Any lien shall be filed against the Landlord's interest in the Premises because of any act or omission of Tenant and is not removed or bonded over within thirty (30) days.

9.2 Notice of Default: Notices given under this Article shall specify the alleged default and the applicable Lease provisions and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or termination of this Lease except as provided in Paragraph 9.3.

9.3 Landlord's Remedies: In the event Landlord alleges that Tenant is in default pursuant to the foregoing Sections 9.1.1, 9.1.2, 9.1.3, 9.1.4, 9.1.5 or 9.1.8, Landlord shall have no rights to pursue any of the following remedies until such time as Landlord has obtained a declaratory judgment from a court of competent jurisdiction

(after the tender of any notice required hereunder and the expiration of any cure period provided for herein) finding Tenant in default under such Section. Such default must be material and of a nature such that it will cause or is likely to cause to Landlord substantial harm, liability, or other adverse result. Landlord shall have the following remedies in the event of any Tenant default. These remedies are not exclusive; they are cumulative and in addition to any remedies now or hereafter allowed by law.

9.3.1 Landlord may continue this Lease in full force and effect and Landlord shall have the right to collect any amounts payable to Tenant when due. During the period Tenant is in default, Landlord may enter the Premises and relet them or any part of them to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the date such rent is due, which payment shall be adjusted by the amount of rent Landlord receives from any reletting. No effort to relet or any other act by Landlord allowed by this Paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease.

9.3.2 Landlord may terminate Tenant's right to possession of the Premises, which termination may only be effected by a final order entered in the declaratory judgment action referenced in Section 9.3 above which is not appealable or with respect to which all appeal rights have expired). At Landlord's election, upon the issuance of the declaratory judgment of default as described above, this Lease shall

terminate on the date of such judgment as fully and completely as if such date were the date originally fixed for the expiration of the Term, and Tenant shall then quit and surrender the Premises. No act by Landlord other than giving such notice to Tenant of Landlord's election hereunder shall be required to terminate this Lease. Upon termination, Landlord shall have the rights described in Paragraph 9.4.

9.3.3 Landlord shall have the right to have a receiver appointed to collect rent and conduct Tenant's business upon issuance of any declaratory judgment of default while such event of default is outstanding. Neither the filing of a petition for the appointment of a receiver nor the appointment thereof shall constitute an election by Landlord to terminate this Lease.

9.3.4 Landlord may, but shall have no duty to, at any time after Tenant commits a default, cure such default at Tenant's expense. If Landlord at any time by reason of Tenant's default pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date, shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum together with interest shall constitute additional rent hereunder.

9.4 Landlord's Termination Rights: On termination of this Lease under the provisions of Section 9.3, Landlord has the right to receive from Tenant:

9.4.1 The worth, at the time of the award, of the unpaid rent that has been earned at the time of termination of this Lease.

9.4.2 The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided.

9.4.3 The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the Term after the time of the award, whichever is less, exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided.

9.4.4 Any other amount and court costs necessary to compensate Landlord for all detriment caused by Tenant's default.

9.4.5 "The unpaid rent" as used in Sections 9.4.1, 9.4.2 and 9.4.3 is to be computed based on the most recently ascertainable Tenant's Net Profit, increased at a rate of ten (10%) percent per annum, and the percentage rents set forth in Article III, for the unexpired portion of the Term. "The worth, at the time of the award", as referred to above is to be computed by discounting the amount in accordance with accepted financial practice at the discount rate of the Federal Reserve Bank of Chicago at the time of the award, plus one percent (1%) per year.

9.5. Landlord's Default: Landlord shall be in default of this Lease if it fails or refuses to perform any provision of this Lease that it is obligated to perform, only if the failure to perform is not cured within thirty (30) days after notice of default has been given by Tenant to Landlord. If such default cannot be reasonably cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure

the default within the thirty (30) day period and thereafter diligently and in good faith continues to cure the default. Tenant at any time after Landlord commits a default can cure the default at Landlord's expense. If Tenant at any time by reason of Landlord's default pays any sum or does any act that requires payment of any sum, the sum paid by Tenant shall be due immediately from Landlord to Tenant at the time the sum is paid, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by Tenant until Tenant is reimbursed by Landlord. Tenant may terminate this Lease while an event of default is outstanding by giving notice to Landlord specifying the default and a date not less than ninety (90) days after the giving of such notice on which date this Lease shall terminate, during which time Landlord shall have the right to cure the alleged default and, if Landlord so cures, the notice shall thereupon become null and void and of no further force and effect.

9.6. Waiver of Jury Trial: Landlord and Tenant hereby waive trial by jury in any action, proceeding or cross-complaint brought by either of the parties hereto against the other on and matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises. If Landlord seeks recourse in equity to enforce any of its rights under this Lease, Tenant agrees to waive as a defense which it might otherwise have that Landlord has an adequate remedy at law.

9.7 Effect of Waiver of Default: No consent or waiver, expressed or implied, by Landlord to or of any breach of any covenant, condition or duty of Tenant, shall be construed as a consent or waiver to or of any other breach of the same or any other

covenant, condition or duty unless in writing signed by Landlord. No delay or omission in the exercise of any right or remedy of Landlord for any default by Tenant shall impair such right or remedy or be construed as a waiver. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default but shall constitute only a waiver of timely payment for the particular rent payment involved.

**ARTICLE X**  
**MISCELLANEOUS PROVISIONS**

10.1 Notice: Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing addressed to the other party at the addresses set forth in Paragraphs 1.2.5 and 1.2.6 or such other address as may have been specified by notifying the other party of the change of address in accordance herewith. Notice shall be deemed served on the first business day following the day of mailing if mailed with the United States Postal Service, by certified mail, return receipt requested. All payments required under this Lease shall be deemed sufficiently paid if made by check collected on first presentation.

10.2 Consent and Approval: Except as otherwise specifically provided herein, Landlord's consent or approval of any act by Tenant requiring Landlord's consent or approval shall not be unreasonably withheld or delayed by Landlord and if given shall not be deemed to waive or render unnecessary Landlord's consent to, or approval of, any subsequent act by Tenant.

10.3 Time of Essence: Time is of the essence of each provision of this Lease.

10.4 Covenants and Conditions: All provisions hereof expressed as either covenants or conditions on the part of Tenant or Landlord to be performed or observed shall be deemed to be both covenants and conditions.

10.5 Successors: This Lease shall be binding on and inure to the benefit of the parties and their successors except as may otherwise be provided herein.

10.6 Illinois Law: This Lease shall be construed and interpreted in accordance with the laws of the State of Illinois. Tenant covenants and agrees to submit to the personal jurisdiction of the Circuit Court of the Nineteenth (19th) Judicial Circuit, Lake County, Illinois, for any dispute, claim or matter arising out of or related to this Lease.

10.7 Integrated Agreement: This Lease contains or refers to all of the agreements of the parties and cannot be amended or modified except by written agreement.

10.8 Interpretation: The captions and the Table of Content of this Lease shall have no effect on its interpretation. When required by the context of this Lease, the singular shall include the plural.

10.9 Severability: The unenforceability, invalidity or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

10.10 Attorney Fees: If either party becomes a party to litigation concerning this Lease, by reason of any act or omission of the other party or its authorized representatives, and not by any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party

for reasonable attorneys' fees and court costs incurred by it in the litigation. If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs of suit from the losing party.

10.11 Extraordinary Events: In any case where either party hereto is required to do any act, delays caused by or resulting from acts of God, war, civil unrest, riot, fire, flood, earthquake or other casualty, strikes or other extraordinary labor difficulties, shortages of labor or materials or equipment in the ordinary course of trade, government regulations or other causes not reasonably within such party's control and not due to the fault or neglect of such party shall not be counted in determining the time during which such act shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time", and such time shall be deemed to be extended by the period of such delay. Financial inability of either party shall not be considered to be a circumstance or cause beyond the reasonable control of that party.

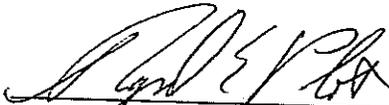
10.12 Nondiscrimination: In the performance of this Lease, Tenant shall not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, sex or national origin. Tenant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, ancestry, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation, and selection for training, including

apprenticeship. Tenant shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this Paragraph.

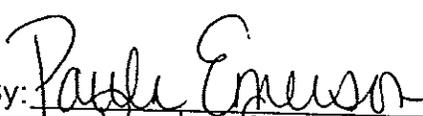
10.13 Municipal Authority: The execution and delivery of this Lease by Landlord and the consummation of the transactions contemplated herein have been duly authorized and approved by all requisite action of the Village of Vernon Hills and this Lease has been duly executed and delivered by Landlord and constitutes a valid and binding obligation on Landlord.

PAR DEVELOPMENT, INC., a \_\_\_\_\_  
\_\_\_\_\_ corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By:   
Name: RAYMOND E. PLOTE  
Title: PRESIDENT

VILLAGE OF VERNON HILLS, an  
Illinois municipal corporation

By:   
Name: Paula Emerson  
Title: Deputy Village Clerk

By:   
Name: Roger L. Byrne  
Title: Village President

djo/leases/vvh-par.lse  
draft #3: 05/08/96 djo

EXHIBIT "A"

DESCRIPTION OF PREMISES

(TO BE MUTUALLY APPROVED BY LANDLORD AND TENANT  
PRIOR TO THE COMMENCEMENT DATE HEREOF)

EXHIBIT "B"

AGREEMENTS, LEASES, SUBLEASES, PERMITS,  
CONDITIONS AND RESTRICTIONS

(TO BE MUTUALLY APPROVED BY LANDLORD AND TENANT  
PRIOR TO THE COMMENCEMENT DATE HEREOF)