



Office of Chicago City Clerk



O2011-1006

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date:	2/9/2011
Status:	Introduced
Sponsor(s):	Mayor Daley
Type:	Ordinance
Title:	Lease agreement with South Chicago SA Associates, LP
Committee(s) Assignment:	Committee on Housing and Real Estate



CITY COUNCIL - City of Chicago
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Chicago, Illinois 60602
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RAY SUAREZ

ALDERMAN, 31ST WARD

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COMMITTEE MEMBERSHIPS:

HOUSING AND REAL ESTATE
(CHAIRMAN)

COMMITTEES, RULES AND ETHICS
(VICE-CHAIRMAN)

TRANSPORTATION AND PUBLIC WAY
(VICE-CHAIRMAN)

AVIATION

BUDGET AND GOVERNMENT OPERATIONS

BUILDINGS

FINANCE

ZONING

March 9, 2011
CHICAGO, ILLINOIS

TO THE PRESIDENT AND MEMBERS OF THE CITY COUNCIL:

Your Committee on Housing and Real Estate which was referred two (2) ordinances by the Department of General Services authorizing the execution of a LEASES at:

1. 9233 S. Burley Ave.
2. 10426 S. Michigan Ave.

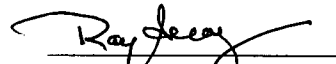
10TH WARD
9TH WARD

Having the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed ordinances transmitted herewith.

This recommendation was concurred in by a vote of the members of the committee present with no dissenting votes.

Respectfully submitted,

(signed)


Ray Suarez, Chairman



OFFICE OF THE MAYOR
CITY OF CHICAGO

RICHARD M. DALEY
MAYOR

February 9, 2011

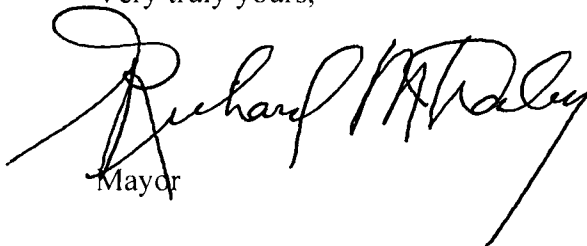
TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of General Services, I transmit herewith ordinances authorizing the execution of lease agreements.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,



Mayor

ORDINANCE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1: On behalf of the City of Chicago as Tenant, the Commissioner of the Department of General Services is authorized to execute a Lease with South Chicago SA Associates, LP as Landlord governing the use of approximately 6,263 square feet of space located at 9233 South Burley Avenue for use by the Department of Family and Support Services; such Lease to be approved by the Commissioner of the Department of Family and Support Services and approved as to form and legality by the Corporation Counsel in substantially the following form:

**9233 South Burley Avenue
Department of Family and Support Services
Lease No. 14223**

SECTION 2: This Ordinance shall be effective from and after the date of its passage and approval.

LEASE

THIS LEASE or Agreement is made and entered into as of this ____ day of _____ 2011 (the "Commencement Date") by and between **SOUTH CHICAGO SA ASSOCIATES, L.P.** an Illinois limited partnership, with a principal place of business at 701 Lee Street, Suite 500, Des Plaines, Illinois 60016 (hereinafter referred to as "**Landlord**") and the **CITY OF CHICAGO**, an Illinois municipal corporation and home rule unit of government (hereinafter referred to as "**Tenant**" or "**City**").

RECITALS

WHEREAS, Landlord is the owner of the premises more commonly known as 9233 South Burley Avenue (the "Building"), Chicago, Cook County, Illinois, which is improved with a 71,890 square foot, 5 -story building with affordable senior housing (the "Building"); and

WHEREAS, Landlord has agreed to lease to Tenant, and Tenant has agreed to lease from Landlord approximately 6,263 square feet of ground floor space located at the Building to be used by the Department of Family and Support Services as the South Chicago Senior Satellite Center;

NOW THEREFORE, in consideration of the covenants, terms and conditions set forth herein, the parties hereto agree and covenant as follows:

SECTION 1. GRANT

Landlord hereby leases to Tenant the following described premises situated in the City of Chicago, County of Cook, State of Illinois, to wit:

Approximately 6,263 square feet of ground floor space located on that certain parcel of real estate more commonly known as 9233 South Burley Avenue, Chicago, Illinois, (the "Premises"). The Premises is identified as the "Senior Center" in the floor plan attached in **Exhibit A**, which is incorporated by this reference.

SECTION 2. TERM

The term of this Lease ("Term") shall commence on the Date of Execution, and shall end on December 31, 2042, unless sooner terminated as set forth in this Lease.

SECTION 3. RENT, TAXES AND UTILITIES

3.1 **Rent**. Unless sooner terminated as set forth in this Lease, Tenant shall pay base rent ("Rent") for the Premises in the amount of:

One Dollar (\$1.00) for the entire term the receipt and sufficiency of said sum being herewith acknowledged by both parties.

3.2 Taxes and Other Levies. Landlord shall pay when due all real estate taxes, leasehold taxes, duties, assessments, sewer and water charges and other levies assessed against the Premises, except for those charges which this Lease specifies that Tenant shall pay.

3.3 Landlord's Utility Responsibilities. Landlord shall pay for separate metering of gas and electricity services required for Tenant's use of the Premises.

3.4 Tenant's Utility Responsibilities. Tenant shall pay when due all charges for gas, electricity, light, heat, and telephone or other communication service and all other utility services ("Utility Expenses"), used in or supplied to the Premises, except for those charges which this Lease specifies that Landlord shall pay. Tenant shall pay the costs of such Utility Expenses directly to utility providers.

3.5 Operating Costs. In addition to the rent due hereinabove, Tenant shall also tender to Landlord Operating Costs pursuant to this subsection.

a. Calculation of Operating Costs. Tenant shall pay to Landlord as and for Operating Costs (as hereinafter defined) incurred by Landlord with regards to operating the Premises together with maintenance and repairs for the Premises. Operating Costs shall include custodial services attributable to the Premises and engineering services attributable to the Premises. Operating Costs shall also include Tenant's allocable share of costs incurred in repairing and replacing the Premises and the common areas on the ground floor and which are directly related to the Tenant's use of the property. Notwithstanding the foregoing, Operating Costs shall not include costs incurred by Landlord or other Tenants for capital improvements or other costs not directly related to Tenant's use of the Premises. Operating costs shall never include financing fees, rent payable on any ground leases, broker's fees and/or commissions of any kind, capital improvements or repairs, or any other fees not specifically delineated under this Lease.

b. Reimbursement Procedure. Each full calendar year, Landlord shall estimate the annual Operating Costs for such year and Tenant shall pay to Landlord, one-twelfth (1/12) of such amount in equal monthly installments, on the first day of each month during such year. For the first Lease year, the Operating Costs shall be apportioned as of the date of occupancy. The monthly estimate of Operating Costs for the first Lease year is set forth in **Exhibit B**. After the end of each calendar year, Landlord shall deliver to Tenant the actual Operating Costs for the previous calendar year. In the event that Tenant's payments during the previous calendar year are less than the actual Operating Costs, such underpayment shall be included in the following year's Operating Costs. In the event that Tenant's payments during the previous calendar year are greater than the actual Operating Costs, Landlord shall repay such overpayment to Tenant by crediting said amount against Tenant's next succeeding monthly installment(s) of Operating Costs, or if said overpayment shall have been made in the last year of the Term, by refunding said overpayment to Tenant within thirty (30) days. Tenant shall have the right to review copies of records of Landlord pertaining to Operating Costs provided it notifies Landlord in writing of its desire to so review such records within thirty (30) days after Tenant's receipt of the actual Operating Costs for such calendar year. At the end of each calendar year, Landlord and Tenant shall meet to review and approve the Operating Costs for the subsequent calendar year. The Operating Costs shall include an amount for Operating Reserve to be applied towards Tenant's

repair or maintenance costs for the Premises. The cumulative amount in the Operating Reserve can never exceed \$5,000.00, shall otherwise be Tenant's property, and any existing balances shall be refunded to Tenant at anytime with thirty (30) days written notice to Landlord.

SECTION 4. CONDITION AND ENJOYMENT OF PREMISES, ALTERATIONS AND ADDITIONS, SURRENDER

4.1 Condition of Premises Upon Delivery of Possession. Landlord covenants that the Premises shall, at the time of delivery of possession to Tenant:

(a) Comply in all respects with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state, county, and municipal governmental departments, ("Law") which may be applicable to the Premises or to the use or manner of use of the Premises; and

(b) Contain no environmentally hazardous materials.

Tenant's taking possession of the Premises shall be conclusive evidence of Tenant's acceptance thereof and that Tenant has inspected the Premises and that to the best of Tenant's knowledge the Premises are in good order and satisfactory condition. Tenant agrees that no representations or covenants respecting the condition of the Premises have been made by Landlord, unless specifically set forth in this Lease.

Landlord's duty under this Section of the Lease shall survive Tenant's acceptance of the Premises.

4.2 Covenant of Quiet Enjoyment. Landlord covenants and agrees that Tenant, subject to observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, observed and performed, shall lawfully and quietly hold, occupy and enjoy the Premises (subject to the provisions of this Lease) during the Term without hindrance or molestation by Landlord or by any person or persons claiming under Landlord.

4.3 Landlord's Duty to Maintain Premises and Right of Access. Subject to Tenant's obligation to reimburse Landlord for Operating Costs pursuant to Section 3.5 hereinabove and unless otherwise provided in this Lease, Landlord shall, at Landlord's expense, keep the Premises in a condition of thorough repair and good order, and in compliance with all applicable provisions of the Municipal Code of the City of Chicago, including but not limited to those provisions in Title 13 ("Building and Construction"), Title 14 ("Electrical Equipment and Installation"), Title 15 ("Fire Prevention") and all applicable landscape ordinances. If Landlord shall refuse or neglect to make needed repairs within fifteen (15) business days after mailing of written notice thereof sent by Tenant, unless such repair cannot be remedied within fifteen (15) business days, and Landlord shall have commenced and is diligently pursuing all necessary action to remedy such repair, Tenant is authorized to make such repairs and to deduct the cost thereof from rents accruing under this Lease. Landlord shall have the right of access to the Premises for the purpose of inspecting and making repairs to the Premises, provided that except in the case of access during normal hours of operations, Landlord shall first give notice to Tenant

of its desire to enter the Premises and will schedule its entry so as to minimize any interference with Tenant's use of Premises. Notwithstanding the foregoing, Landlord, its agents and invitees shall have the right to access the Premises to carry out janitorial services and other services that Landlord provides to Premises.

4.4 Use of the Premises. Tenant shall not use the Premises in a manner that would violate any Law. Tenant further covenants not to do or suffer any waste or damage, comply in all respects with the laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governmental departments which may be applicable to the Premises or to the use or manner of use of the Premises, disfigurement or injury to any building or improvement on the Premises, or to fixtures and equipment thereof. The Premises shall be used as a senior center, and all associated senior center activities, available to the general public and for no other purpose unless Landlord's prior written consent is obtained. Landlord shall not unreasonably withhold such consent.

4.5 Alterations and Additions. Tenant shall have the right to make such alterations, additions and improvements on the Premises as it shall deem necessary consistent with the permitted use of the Premises, provided, however, that any such alterations, additions and improvements shall be in full compliance with the applicable Law and provided that Tenant has obtained the prior written consent of Landlord. Landlord shall not unreasonably withhold consent.

4.6 Engagement of Senior Center Operator. At the exclusive direction of the Department on Family and Support Services, program activities on the Premises shall be provided by _____, a not-for-profit corporation, or any other not-for-profit corporation having a contract with the City to provide Senior Services ("Social Service Provider"). Concurrently herewith, the Department on Family and Support Services shall enter into an agreement ("Operating Agreement") with Social Service Provider pursuant to which Social Service Provider will agree to provide the services set forth therein. The Operating Agreement is attached hereto and made a part hereof as Exhibit C. Landlord shall be provided with an opportunity to provide reasonable comment and input regarding the terms of the foregoing Operating Agreement. Landlord also shall be provided with an opportunity to provide reasonable comment and input regarding any changes made to the Operating Agreement. Notwithstanding the foregoing, such comment and review shall pertain primarily to insurance and indemnification considerations and Landlord shall not have veto power over Tenant's selection of a Social Service Provider or changes to the Operating Agreement. In the absence of a Social Service Provider, Tenant's Department of Family and Support Services (or successor agency) staff shall provide programming for the Premises.

SECTION 5. ASSIGNMENT, SUBLEASE, AND LIENS

5.1 Assignment and Sublease. Tenant may assign or sublease this Lease to another instrumentality of the City of Chicago without the prior written consent of the Landlord. Any other proposed assignment or sublease of this Lease shall be subject to the prior written consent of Landlord. Landlord's consent shall not be unreasonably withheld.

5.2 Tenant's Covenant Against Liens. Tenant shall not cause or permit any lien or encumbrance, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon Landlord's title or interest in the Premises. All liens and encumbrances created by Tenant shall attach to Tenant's interest only.

SECTION 6. INSURANCE AND INDEMNIFICATION

6.1 Insurance. The Landlord shall procure and maintain at all times, at Landlord's own expense, during the term of this Lease, the insurance coverages and requirements specified below, insuring all operations related to the Lease.

The kinds and amounts of insurance required are as follows:

(a) Workers Compensation and Occupational Disease Insurance. Workers Compensation and Employers Liability Insurance, in accordance with the laws of the State of Illinois, or any other applicable jurisdiction, covering all Landlord's employees and Employer's Liability coverage with limits of not less than \$100,000 each accident or illness.

(b) Commercial Liability Insurance. (Primary and Umbrella.) Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence, for bodily injury, personal injury, and property damage liability. Coverage extensions shall include the following: All premises and operations, products/completed operations, defense, separation of insureds, and contractual liability (with no limitation endorsement). The City of Chicago, its employees, elected officials, agents, and representatives are to be named as additional insureds on a primary, non contributory basis for any liability arising directly or indirectly from the Lease. Notwithstanding the foregoing, this Section shall be subordinate to the liability insurance required under the Tenant's Operating Agreement with Tenant's Service Provider.

(c) Automobile Liability Insurance. (Primary and Umbrella.) When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed by Landlord's employees, the Landlord shall provide Comprehensive Automobile Liability Insurance with limits of not less than \$1,000,000 per occurrence, for bodily injury and property damage.

(d) All Risk Property Insurance. All risk property insurance coverage shall be maintained by the Landlord for full replacement value to protect against loss, damage to or destruction of property.

The Landlord shall be responsible for all loss or damage to personal property (including but not limited to materials, equipment, tools and supplies), owned or rented, by the Landlord.

6.2 Other Terms of Insurance. The Landlord will furnish the City of Chicago, Department of General Services, Office of Real Estate Management, 30 North LaSalle Street - Suite 300, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Lease, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Lease. The Landlord shall submit evidence on insurance prior to Lease award. The

receipt of any certificates does not constitute agreement by the City that the insurance requirements in the Lease have been fully met or that the insurance policies indicated on the certificate are in compliance with all Lease requirements. The failure of the City to obtain certificates or other insurance evidence from Landlord shall not be deemed to be a waiver by the City. The Landlord shall advise all insurers of the Lease provisions regarding insurance. Non-conforming insurance shall not relieve Landlord of its obligation to provide Insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Lease, and the City retains the right, upon 30 days written notice and cure, to terminate the Lease until proper evidence of insurance is provided.

The insurance shall provide for 45 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by Landlord.

The Landlord agrees that insurers shall waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents or representatives.

The Landlord expressly understands and agrees that any coverages and limits furnished by Landlord shall in no way limit the Landlord's liabilities and responsibilities specified within the Lease documents or by law, provided, however, that the coverages and limits furnished by the Social Service Provider pursuant to the Operating Agreement shall be primary and shall apply before the coverages and limits furnished by Landlord.

The Landlord expressly understands and agrees that any insurance or self insurance programs maintained by the City of Chicago shall apply in excess of and not contribute with insurance provided by the Landlord under the Lease or the insurance provided by the Social Service provider under the Operating Agreement. Notwithstanding the foregoing, the City's insurance or self-insurance shall provide the primarily liability coverage before Landlord's coverage whenever, and for as long as, the City exercises its rights under Section 4.6 of this Lease to staff and operate the Premises with City employees.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The City of Chicago Risk Management Department maintains the right to reasonably modify, delete, alter or change these requirements.

6.3 City Self-Insurance. Tenant is self insured. Landlord shall never be required to participate or pay for Tenant's self-insurance.

SECTION 7. DAMAGE OR DESTRUCTION

7.1 Damage or Destruction. If the Premises is damaged by fire or other casualty as a result of any of the risks against which Landlord has procured insurance under this Lease,

Landlord shall promptly repair or restore the Premises to the extent of the proceeds of such insurance coverage, subject to the rights of Landlord's lenders under their respective loan documents and zoning and other applicable laws then in force. Notwithstanding the foregoing to the contrary, (a) Landlord or Tenant may elect to terminate this Lease as of the date of such casualty if the Tenant cannot continue to occupy or conduct its normal course of business therein, or (b) in the event that Tenant elects not to terminate this Lease as of the date of such casualty Landlord may elect to terminate this Lease within 90 days after the date of damage if any of its lenders requires that the insurance proceeds or any portion thereof be applied to the mortgage debt or the damage is not fully covered by Landlord's insurance policies.

SECTION 8. CONFLICT OF INTEREST AND GOVERNMENTAL ETHICS

8.1 Conflict of interest. No official or employee of the City of Chicago, nor any member of any board, commission or agency of the City of Chicago, shall have any financial interest (as defined in Chapter 2-156 of the Municipal Code of Chicago), either direct or indirect, in the Premises; nor shall any such official, employee, or member participate in making or in any way attempt to use his position to influence any City governmental decision or action with respect to this Lease.

8.2 Duty to Comply with Governmental Ethics Ordinance. Landlord shall comply with Chapter 2-156 of the Municipal Code of Chicago, "Governmental Ethics," including but not limited to section 2-156-120, which states that no payment, gratuity, or offer of employment shall be made in connection with any City of Chicago contract as an inducement for the award of that contract or order. Any contract negotiated, entered into, or performed in violation of any of the provisions of Chapter 2-156 shall be voidable as to the City of Chicago.

SECTION 9. HOLDING OVER

9.1 Holding Over. Subject to the terms and conditions of this Lease, any holding over by Tenant shall be construed to be a tenancy from month to month only beginning on January 1, 2043. During such holding over all other provisions of this Lease shall remain in full force and effect.

SECTION 10. MISCELLANEOUS

10.1 Notice. All notices, demands and requests which may be or are required to be given demanded or requested by either party to the other shall be in writing. All notices, demands and requests by Landlord to Tenant shall be delivered by national overnight courier or shall be sent by United States registered or certified mail, return receipt requested, postage prepaid addressed to Tenant as follows:

City of Chicago
Attn: Commissioner's Office
Department of Family and Support Services
1615 West Chicago Avenue
Chicago, Illinois 60622

Department of General Services
Office of Real Estate Management
30 North LaSalle Street, Suite 300
Chicago, Illinois 60602

or at such other place as Tenant may from time to time designate by written notice to Landlord and to Tenant at the Premises. All notices, demands, and requests by Tenant to Landlord shall be delivered by a national overnight courier or shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to Landlord as follows:

South Chicago SA Associates, L.P.
701 Lee Street, Suite 500
Des Plaines, Illinois 60016

or at such other place as Landlord may from time to time designate by written notice to Tenant. Any notice, demand or request which shall be served upon Landlord by Tenant, or upon Tenant by Landlord, in the manner aforesaid, shall be deemed to be sufficiently served or given for all purposes hereunder at the time such notice, demand or request shall be mailed.

10.2 Partial Invalidity. If any covenant, condition, provision, term or agreement of this Lease shall, to any extent, be held invalid or unenforceable, the remaining covenants, conditions, provisions, terms and agreements of this Lease shall not be affected thereby, but each covenant, condition, provision, term or agreement of this Lease shall be valid and in force to the fullest extent permitted by law.

10.3 Governing Law. This Lease shall be construed and be enforceable in accordance with the laws of the State of Illinois.

10.4 Entire Agreement. All preliminary and contemporaneous negotiations are merged into and incorporated in this Lease. This Lease contains the entire agreement between the parties and shall not be modified or amended in any manner except as provided for in Section 10.18 herein.

10.5 Captions and Section Numbers. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of this Lease nor in any way affect this Lease.

10.6 Binding Effect of Lease. The covenants, agreements, and obligations contained in this Lease shall extend to, bind, and inure to the benefit of the parties hereto and their legal representatives, heirs, successors, and assigns.

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

10.8 No Principal/Agent or Partnership Relationship. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party as creating the

LEASE NO. 14223

relationship of principal and agent or of partnership or of joint venture between the parties hereto.

10.9 Authorization to Execute Lease. The parties executing this Lease hereby represent and warrant that they are the duly authorized and acting representatives of Landlord and Tenant respectively and that by their execution of this Lease, it became the binding obligation of Landlord and Tenant respectively, subject to no contingencies or conditions except as specifically provided herein.

10.10 Termination of Lease. Tenant shall have the right to terminate this Lease for any reason without prepayment or penalty anytime after December 31, 2011 with sixty (60) days prior written notice provided to Landlord.

10.11 Force Majeure. When a period of time is provided in this Lease for either party to do or perform any act or thing, the party shall not be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, wars, governmental regulation or control, and other causes beyond the reasonable control of the party, and in any such event the time period shall be extended for the amount of time the party is so delayed.

10.12 Condemnation. If the whole or any substantial part of the Premises are taken or condemned by any competent authority for any public use or purpose, or if any adjacent property or street shall be so condemned or improved in such a manner as to require the use of any part of the Premises, the term of this Lease shall, at the option of Landlord or the condemning authority, be terminated upon, and not before, the date when possession of the part so taken shall be required for such use or purpose, and Landlord shall be entitled to receive the entire award without apportionment with Tenant. Rent and Operating Costs shall be apportioned as of the date of Tenant's vacating as the result of said termination.

10.13 Estoppel Certificate. Tenant agrees that from time to time upon not less than ten (10) days' prior request from Landlord, it will deliver to Landlord a statement in writing certifying: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that this Lease as modified is in full force and effect); (b) the dates to which the rent and other sums have been paid; (c) that Landlord is not in default under any provision of this Lease, or, if in default, the nature thereof in detail; and (d) such other representations reasonably requested by Landlord.

10.14 No Implied Waiver. No failure by Landlord or Tenant to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a default hereunder, and no acceptance of full or partial rent during the continuance of any such default, shall constitute a waiver of any such term or of any such default. No waiver of any default shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent default.

10.15 Remedies Cumulative. Each right, power and remedy of Tenant provided for in this Lease shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or in any other instrument now or hereafter existing, at law or in equity, or by statute or otherwise, and the exercise or beginning of the exercise by Tenant of

any one or more of the rights, powers or remedies provided for in this Lease or in any other instrument now or hereafter existing, at law or in equity, or by statute or otherwise, shall not preclude the simultaneous or later exercise by Tenant of any or all such other rights, powers or remedies.

10.16 Cooperation with Landlord's Lender's. Provided written notice is tendered to the Commissioner of the Department of General Services and the Commissioner of the Department of Family and Support Services, Tenant shall reasonably cooperate with Landlord to accommodate any reasonable requests or requirements made by Landlord's lender(s) provided such requests are approved as to form and legality by the Department of Law and do not increase the Tenant's obligations under the Lease.

10.17 No Brokers. The Department of General Services does not use brokers, tenant representatives, or other finders. Landlord does not use brokers, landlord representatives, or other finders. Tenant warrants to Landlord that no broker, landlord or tenant representative, or other finder (a) introduced Tenant to Landlord, (b) assisted Tenant in the negotiation of this Lease, or (c) dealt with Tenant on Tenant's behalf in connection with the Premises or this Lease. Landlord warrants to Tenant that no broker, landlord or tenant representative, or other finder (a) introduced Landlord to Tenant, (b) assisted Landlord in the negotiation of this Lease, or (c) dealt with Landlord on Landlord's behalf in connection with the Premises or this Lease. Under no circumstances shall Tenant make any payments due hereunder to any broker(s). Under no circumstances shall Landlord make any payments due hereunder to any broker(s).

10.18 Amendments. From time to time, the parties hereto may amend this Lease Agreement with respect to any provisions reasonably related to Tenant's use of the Premises and/or Landlord's administration of said Lease Agreement. Provided, however, that such Amendment(s) shall not serve to extend the Lease term hereof nor serve to otherwise materially alter the essential provisions contained herein. Such Amendment(s) shall be in writing, shall establish the factual background necessitating such alteration, shall set forth the terms and conditions of such modification, and shall be duly executed by both Landlord and Tenant. Such Amendment(s) shall only take effect upon execution by both parties. Upon execution, such Amendment(s) shall become a part of this Lease and all other provisions of this Lease shall otherwise remain in full force and effect. As a precondition of such Amendment(s), Tenant may be required to secure approval of Landlord's lender(s).

10.19 Tenant Default. Tenant shall operate the Premises as a Senior Center only, shall abide by all provisions of this Lease, and shall provide payments pursuant to this Lease. Tenant's failure to operate a Senior Center on the Premises for more than sixty (60) consecutive days shall constitute a default under this Lease. Tenant's failure to pay Landlord any monies when due to Landlord under the Lease within sixty (60) days of the due date shall constitute a default under this Lease. In the event of such default events, Landlord shall provide Tenant written notice of such default. Tenant shall have thirty (30) days from receipt of such notice to cure such default. In the event that such default is not cured within thirty (30) days, Landlord may pursue as its sole and exclusive remedies (a) specific performance of the unperformed obligations, or (b) the termination of this Lease. Landlord and Tenant acknowledge that Tenant's January and February payments cannot be delivered to Landlord in a timely manner. Failure to make such payments on a timely basis shall not be grounds for default. Landlord and Tenant acknowledge that Tenant's

receives funding for the payments due pursuant to this Lease from federal and state sources. Where such funding sources are unavailable, Tenant's failure to make such payments on a timely basis shall not be grounds for default.

10.20 Landlord Default. Subject to Section 4.3 hereinabove, Landlord shall abide by all provisions of this Lease and shall provide services pursuant to this Lease. In the event of Landlord's failure to abide by all provisions of this Lease and failure to provide services pursuant to this Lease, Tenant shall provide Landlord written notice of such default. Landlord shall have thirty (30) days from receipt of such notice to cure such default. In the event that such default is not cured within thirty (30) days, Tenant may pursue all remedies available under Illinois law including, but not limited to, specific performance.

SECTION 11. ADDITIONAL RESPONSIBILITIES OF LANDLORD

11.1 Water Service. Landlord shall provide and pay for water for the Premises. Pursuant to Section 3.3, Tenant shall directly pay the utility provider any costs for heating such water.

11.2 Plumbing Service. Landlord shall maintain plumbing within the Premises in good operable condition. The costs to provide such plumbing services shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.3 Fire Extinguishers. Landlord shall provide and maintain necessary fire extinguishers on the Premises and existing sprinklers at all times as required per municipal or other applicable code. Landlord will not be responsible for vandalized or stolen fire extinguishers. The costs to replace or maintain fire extinguishers shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.4 Detectors. Landlord shall provide and maintain smoke detectors and carbon monoxide detectors within the Premises as required per municipal or other applicable code. Landlord will not be responsible for vandalized or stolen smoke detectors and carbon monoxide detectors. The costs to repair or replace such detectors shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.5 Engineering Service. Landlord shall provide, at Landlord's expense, any and all engineering service for maintenance of the Premises, including all structural, mechanical and electrical components, and light bulb replacement. Engineering service as used herein shall not be construed to mean cleaning, washing, or sweeping of any kind, or moving of furniture, etc., but shall refer strictly to service for the maintenance of the physical plant and building systems. The Premises are not connected to an emergency generator in the event of a power failure. The costs of such engineering services shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.6 Air-Conditioning. The Premises shall have a separate air-conditioning system that shall provide air-conditioning services exclusively to the Premises. Landlord shall provide for air-conditioning to the Premises whenever air-conditioning shall be necessary and/or required for

the comfortable occupancy of the Premises. Landlord shall maintain the plant and equipment in good operable condition, excluding damage caused by acts of vandalism from Tenant or any of its agents or clients. Landlord understands that proper air-conditioning is critical to Tenant's operations. The costs of repairs or maintenance to the air-conditioning system that services the Premises shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.7 Heating. The Premises shall have a separate heating system that shall provide heating services exclusively to the Premises. Landlord shall provide for heat to the Premises whenever heat shall be necessary and/or required for the comfortable occupancy of the demised Premises. Landlord shall maintain the plant and equipment in good operable condition, excluding damage caused by acts of vandalism from Tenant or any of its agents or clients. Landlord understands that proper heating is critical to Tenant's operations. The costs of repairs or maintenance to the heating system that services the Premises shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.8 Extermination Services. Landlord shall provide and pay, at Landlord expense, extermination service whenever necessary. The costs of extermination services shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.9 Snow Removal. Landlord shall provide, at Landlord expense, prompt removal of snow and ice from sidewalk which immediately abut demised Premises.

11.10 Custodial Service. Landlord shall provide and pay for custodial services which shall be construed as cleaning, washing, emptying wastepaper baskets, window washing, and sweeping of any kind. The costs of such custodial services to the Premises shall be borne by Landlord, but shall be included as a reimbursable Operating Cost.

11.11 Unauthorized Improvements. Any improvements to the Premises effectuated by Landlord at Tenant's request shall only be performed upon written approval and concurrent Notice to Proceed from the Commissioner of the Department of General Services. Approval from any other City department(s), other employee(s) of the Department of General Services, or anyone acting, or claiming to act, on Tenant's behalf shall be deemed invalid and of no force or effect.

11.12 Economic Disclosure Statement Affidavit ("EDS") Updates. Throughout the Lease Term, Landlord shall provide Tenant with any material updates to the information previously submitted in Landlord's Economic Disclosure Statement Affidavit ("EDS"). Tenant may also request such updates from time to time. Tenant reserves the right to withhold rental payment under this Lease agreement in the event Landlord fails to provide such updates. Failure to provide such information on a timely basis shall constitute a default under this Lease.

11.13 Furniture and Equipment. At the beginning of the Lease Term, Landlord, at Landlord's cost, shall provide Tenant with furniture and equipment for the Premises as set forth in Exhibit D attached hereto and made a part hereof. After Tenant's occupation of the Premises, Tenant shall assume any responsibilities (at Tenant's cost and option) for the maintenance, repair, and replacement of said furniture and equipment.

11.14 Non-Disturbance and Attornment. Landlord acknowledges that the Premises are subject to a mortgage and that a non-disturbance and attornment agreement will be obtained from any mortgagee(s) prior to or simultaneous with the execution of this Lease.

11.15 No Requirement to use City Vendors. Landlord shall have no obligation to hire or consultant any City vendors for any services that may be required for the Premises.

11.16 Warranties. Notwithstanding any of the provisions included in this Section 11 or any other provision in the Lease requiring Tenant to reimburse Landlord for any costs to repair or maintain the Premises or equipment thereon, Tenant shall have no obligation to reimburse Landlord any such costs where such repair or replacement is covered by any applicable warranties.

SECTION 12. ADDITIONAL RESPONSIBILITIES OF TENANT

12.1 Signage. Tenant reserves the right to install an appropriate sign on the front exterior of the Premises provided that it complies with federal, state and municipal laws and provided Landlord consents to said installation, which consent shall not be unreasonably withheld

12.2 Illegal Activity. Tenant, or any of its agents or employees, shall not perform or permit any practice that is injurious to the Premises or unreasonably disturbs other residents in the Building; is illegal; or increases the rate of insurance on the Premises.

12.3 Hazardous Materials. Tenant shall keep out of Premises hazardous material as defined by applicable federal, state, or City statute, materials which cause a fire hazard or safety hazard, and comply with reasonable requirements of Landlord's fire insurance carrier. Tenant shall not destroy, deface, damage, impair, nor remove any part of the Premises or facilities, equipment or appurtenances.

12.4 Repairs for Tenant Negligence, Vandalism, or Misuse. Subject to Landlord's approval as set forth herein, Tenant shall assume all responsibility for any repairs to the Premises necessitated by the negligence, vandalism, or misuse of the Premises or equipment therein by Tenant's employees, clients, invitees, agents, or contractors. Landlord shall notify Tenant in writing of such damage. At Tenant's option and subject to Landlord's approval, Tenant may perform such repairs with service providers suitable to Tenant and at Tenant's sole cost without further setoff or deduction. In the alternative, Tenant may direct Landlord in writing to perform said repairs subject to full reimbursement to Landlord of all costs associated with such repairs excluding any of Landlord's overhead and/or profit. Any repairs to the Premises effectuated by Landlord under this section shall only be performed by Landlord upon written approval and concurrent Notice to Proceed from the Commissioner of the Department of General Services. Repair approval from any other City department(s) or other employee(s) of the Department of General Services shall be deemed invalid and of no force or effect. Repairs made without said written approval and concurrent Notice to Proceed from the Commissioner of the Department of General Services shall not be reimbursable to Landlord.

12.5 Reservation of Right to Use City Vendors or Staff. The City reserves the right to use City vendors or City staff for services provided by Landlord to the Premises. In the event of such election, City shall pay such City vendors or City staff directly and the costs of such services shall not be included in the calculation of Operating Costs under Section 3.5 hereinabove.

12.6 Reservation of Right to Elect Improvements and Repairs. Subject to Landlord's approval, the Tenant reserves the right to perform improvements and repairs to the Premises. In the event of such election, Tenant shall provide Landlord with written notification of such request. Landlord shall provide Tenant with a written estimate of the costs required to undertake such work. In the event Tenant elects such services, Landlord shall perform said services and the costs of such services shall be included in the calculation of Operating Costs under Section 3.5 hereinabove. In the alternative, Tenant may elect to perform such improvements and repairs at Tenant's costs using Tenant's staff or Tenant's vendors subject to Landlord's consent. Such consent shall not be unreasonably withheld.

12.7 Furniture and Equipment Obligations. After Tenant's occupation of the Premises, Tenant shall assume any responsibilities (at Tenant's cost and option) for the maintenance, repair, and replacement of the furniture and equipment for the Premises as set forth in Exhibit D. Notwithstanding the foregoing, Tenant shall have the right, but not the obligation, to supplement such furniture with additional furniture and equipment at Tenant's costs

12.8 Not a General Cooling and Heating Center. Tenant shall not utilize the Premises as a Cooling Center or Heating Center by the general public. Notwithstanding the foregoing, and at Tenant's sole expense, Tenant may use the Premises beyond the Premises normal hours of operations to accommodate cooling and heating relief for senior citizens.

12.9 Painting and Carpeting. The Premises shall be delivered to Tenant with new carpeting and painting. Upon occupancy, Tenant shall assume responsibility for subsequent painting and carpet repair or replacement. Notwithstanding the foregoing, Landlord shall assume such responsibility where Landlord's contractors were initially negligent in the installation or selection of such carpeting.

SECTION 13. LANDLORD DISCLOSURES AND AFFIRMATIONS

13.1 Business Relationships. Landlord acknowledges (a) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (b) that it has read such provision and understands that pursuant to such Section 2-156-030 (b) it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (c) notwithstanding anything to the contrary contained in this Agreement, that a violation of Section 2-156-030 (b) by an elected

official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. Landlord hereby represents and warrants that no violation of Section 2-145-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

13.2 Patriot Act Certification. Landlord represents and warrants that neither Landlord nor any Affiliate (as hereafter defined) thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable Laws: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. As used in this Section, an "Affiliate" shall be deemed to be a person or entity related to Landlord that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with Landlord, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

13.3 Prohibition on Certain Contributions-Mayoral Executive Order No. 05-1. Landlord agrees that Landlord, any person or entity who directly or indirectly has an ownership or beneficial interest in Landlord of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, Landlord's contractors (i.e., any person or entity in direct contractual privity with Landlord regarding the subject matter of this Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Landlord and all the other preceding classes of persons and entities are together the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee (a) after execution of this Agreement by Landlord, (b) while this Agreement or any Other Contract (as hereinafter defined) is executory, (c) during the term of this Agreement or any Other Contract, or (d) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated. This provision shall not apply to contributions made prior to February 10, 2005, the effective date of Executive Order 2005-1.

Landlord represents and warrants that from the later of (a) February 10, 2005, or (b) the date the City approached Landlord, or the date Landlord approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Landlord agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

Landlord agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 05-1.

Notwithstanding anything to the contrary contained herein, Landlord agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this Section 28 or violation of Mayoral Executive Order No. 05-1 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted, unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including, without limitation, termination for default) under this Agreement, and under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Landlord intentionally violates this provision or Mayoral Executive Order No. 05-1 prior to the Closing, the City may elect to decline to close the transaction contemplated by this Agreement.

For purposes of this provision:

(a) "Bundle" means to collect contributions from more than one source, which contributions are then delivered by one person to the Mayor or to his political fundraising committee.

(b) "Other Contract" means any other agreement with the City to which Landlord is a party that is (i) formed under the authority of Chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council.

(c) "Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

(d) Individuals are "domestic partners" if they satisfy the following criteria:

(i) they are each other's sole domestic partner, responsible for each other's common welfare; and

(ii) neither party is married; and

(iii) the partners are not related by blood closer than would bar marriage in the State of Illinois; and

(iv) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and

- (v) two of the following four conditions exist for the partners:
 - (1) The partners have been residing together for at least 12 months.
 - (2) The partners have common or joint ownership of a residence.
 - (3) The partners have at least two of the following arrangements:
 - (A) joint ownership of a motor vehicle;
 - (B) joint credit account;
 - (C) a joint checking account;
 - (D) a lease for a residence identifying both domestic partners as Landlords.
 - (4) Each partner identifies the other partner as a primary beneficiary in a will.

(e) “Political fundraising committee” means a “political fundraising committee” as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

13.4 Waste Ordinance Provisions. In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Landlord warrants and represents that it, and to the best of its knowledge, its contractors and subcontractors, have not violated and are not in violation of any provisions of Section 7-28 or Section 11-4 of the Municipal Code (the “Waste Sections”). During the period while this Agreement is executory, Landlord’s, any general contractor’s or any subcontractor’s violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole designation of the Chief Procurement Officer. Such breach and default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit Landlord’s, general contractor’s and its subcontractors’ duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement, and may further affect the Landlord’s eligibility for future contract awards.

13.5 Failure to Maintain Eligibility to do Business with City. Failure by Landlord or any controlling person (as defined in Section 1-23-010 of the Municipal Code of Chicago) thereof to maintain eligibility to do business with the City of Chicago as required by Section 1-23-030 of the Municipal Code of Chicago shall be grounds for termination of this Agreement and the transactions contemplated thereby. Developer shall at all times comply with Section 2-154-020 of the Municipal Code of Chicago.

13.6 Cooperation with Office of Inspector General and Legislative Inspector General. It is the duty of Developer and any bidder, proposer, contractor, subcontractor, and every applicant

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for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of any such grantee, subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-55 of the Municipal Code, and to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code. Landlord represents and warrants that it understands and will abide by all provisions of Chapter 2-55 and Chapter 2-56 of the Municipal Code and that Landlord will inform its contractors and subcontractors of this provision and require their compliance.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

LANDLORD:

SOUTH CHICAGO SA ASSOCIATES, L.P.,
an Illinois limited partnership

By: **NHS SOUTH CHICAGO SA, INC.,**
an Illinois Corporation,
General Partner

James Wheaton

By: **SOUTH CHICAGO CA PARTNERS, LLC**
an Illinois limited liability company,
General Partner

By: **PSL MANAGEMENT, LLC**
an Illinois limited liability company,
Manager

Robert H. Helle

TENANT:

CITY OF CHICAGO,
an Illinois Municipal Corporation

By: **THE DEPARTMENT OF GENERAL SERVICES**

By: _____
Commissioner

THE DEPARTMENT OF FAMILY AND SUPPORT SERVICES

By: _____
Commissioner

APPROVED AS TO FORM AND LEGALITY:
BY: THE DEPARTMENT OF LAW

By: _____
Deputy Corporation Counsel

EXHIBIT A

**DEPICTION OF PREMISES
(To Come)**

EXHIBIT B

**OPERATING EXPENSES
(To Come)**

EXHIBIT C

**OPERATING AGREEMENT
(To Come)**

EXHIBIT D

**PARTIAL NON-DISTURBANCE AND ATTORNMENT AGREEMENT
(To Come)**

EXHIBIT E

**FURNITURE AT INITIAL OCCUPANCY
(To Come)**