

**A RESOLUTION APPROVING A  
LEASE WITH YPI ARLINGTON LLC**

BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: That a lease by and between the Village of Arlington Heights and YPI Arlington LLC, to lease space at the One North Arlington building located at 1500 W. Shure Drive, Arlington Heights, Illinois, which shall serve as the temporary relocation of the Arlington Heights Police Station during construction of a new station, a true and correct copy of which is attached hereto, be and the same is hereby approved.

SECTION TWO: The Village President and Village Clerk are hereby authorized and directed to execute said lease on behalf of the Village of Arlington Heights.

SECTION THREE: This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

AYES:

NAYS:

PASSED AND APPROVED this 3rd day of April, 2017.

\_\_\_\_\_  
Village President

ATTEST:

\_\_\_\_\_  
Village Clerk

AGRRES:Lease –AH Police Station - Temporary

# STANDARD OFFICE LEASE

This Standard Office Lease ("**Lease**") is made and entered into as of this \_\_\_\_\_ day of March, 2017, by and between **YPI ARLINGTON, LLC**, a Delaware limited liability company ("**Landlord**"), and **VILLAGE OF ARLINGTON HEIGHTS** ("**Tenant**").

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises described as Suites No. \_\_\_ and \_\_\_, as designated on the plan attached hereto and incorporated herein as Exhibit "A" ("**Premises**") which is located within that certain seven (7) story office building of the project (the "**Building**") located on that certain real property having a physical address of 1500 West Shure Drive, Arlington Heights, Illinois 60004 (the "**Project**"), for the Term and upon the terms and conditions hereinafter set forth, and Landlord and Tenant hereby agree as follows:

## ARTICLE 1 – BASIC LEASE PROVISIONS

- A. Term: Twenty-four (24) full calendar months following the Commencement Date.
- Commencement Date: May 15, 2017; provided, however, if Tenant conducts business from the Premises prior to May 15, 2017, the Commencement Date shall be the date the Tenant first conducts business in the Premises. Provided, however, that Tenant will have access to the Premises, Building and Project before the Commencement Date to make necessary modifications without incurring any Basic Rental.
- Expiration Date: The date immediately preceding twenty-four (24) full calendar months following the Commencement Date; provided, however, that if the Commencement Date is a date other than the first day of a month, the Expiration Date shall be the last day of the month which is twenty-four (24) full calendar months after the month in which the Commencement Date falls, unless extended or earlier terminated pursuant to the express terms and conditions of this Lease.
- B. Square Footage of Premises: Approximately 15,015 rentable square feet of which approximately 2,515 rentable square feet of space will be located on the first (1<sup>st</sup>) floor of the Building (the "**First Floor Premises**") as more particularly delineated and described on Exhibit A and designated as **Suite \_\_\_** (the "**First Floor Premises**") and approximately 12,500 rentable square feet of the space will be located on a portion of the third floor of the Building as more particularly delineated and described on Exhibit A and designated **Suite 300** (the "**Third Floor Premises**"). The rentable square footage of the Premises is subject to adjustment as set forth below. Collectively the First Floor Premises and the Third Floor Premises are referred to as the "**Premises**". The portion of the third floor of the Premises, excluding common area restrooms and Third Floor Premises, shall hereinafter be referred to as the "**Unoccupied Portion of the Third Floor**": Tenant acknowledges and understands that there are no demising walls existing between the Third Floor Premises and the Unoccupied Portion of the Third Floor and Landlord shall have no obligation to construct or install a demising wall until all or a portion of the Unoccupied Portion of the Third Floor becomes occupied by another tenant at which time Landlord shall construct or install the Building's standard demising walls between the Third Floor Premises and the portion of the remainder of the third floor that is occupied. Tenant acknowledges and agrees that even though there are no demising walls between the Third Floor Premises and the Unoccupied Portion of the Third Floor it shall not utilize or occupy any portion of the Unoccupied Portion of the Third Floor for any purposes or reasons whatsoever, including, but not limited to storage areas (permanent or temporary), conference areas (permanent or temporary), offices (permanent or temporary), meeting areas (permanent or temporary) or breakroom areas (permanent or temporary), without payment of additional Basic Rental as set forth below. In the event any portion of the Unoccupied Portion of the Third Floor is used or occupied by Tenant for any purpose or for any period of time whatsoever, Tenant shall promptly notify Landlord in writing of its use of the Unoccupied Portion of the Third Floor and the date Tenant first occupied or used the Unoccupied Portion of the Third Floor. Tenant agrees that in the event that Tenant is using or occupying or has used or occupied any portion of the Unoccupied Portion of the Third Floor, the Basic Rental shall be increased as of the date of the commencement of such use by the product of the rentable square feet of the Unoccupied Portion of the Third Floor used or occupied or being used or occupied by Tenant multiplied by \$17.50 per rentable square foot and such portion of the Unoccupied Portion of the Third Floor occupied or used by Tenant shall automatically become a part of the Third Floor Premises for all purposes. Tenant agrees to pay any increase in Basic Rental from the date Tenant first used or occupied such Unoccupied Portion of the Third Floor until the termination of the Lease. Once Tenant commences to use or occupy any portion of the Unoccupied Portion of the Third Floor, Tenant shall thereafter continue to pay Basic Rental on such portion throughout the remainder of the Term of the Lease, as same may be amended, regardless of whether Tenant subsequently ceases using such area. The rentable square feet ("**RSF**") of the Premises have been calculated pursuant to BOMA (ANSI/BOMA Z65.1-2010) Area Calculations (the "**BOMA**

**Standard**"), but excluding areas on the roof, below the ground floor and areas outside the perimeter of the Building. If within thirty (30) days following the execution of this Lease (the "**RSF Notice Period**"), Tenant's architect determines that the RSF Area of the Premises differs by more than 5% from that referenced above, Tenant may deliver a written notice to Landlord (the "**RSF Notice**") specifying in reasonable detail the basis for Tenant's determination of the RSF for the Premises and the basis for Tenant's disagreement with Landlord's determination of the RSF of the Premises. If the Tenant does not deliver the RSF Notice during the RSF Notice Period, the RSF of the Premises specified in above shall be deemed to be correct for all purposes under this Lease. If Tenant delivers the RSF Notice to Landlord within the RSF Notice Period, Landlord shall have the next thirty (30) days (the "**Response Period**") in which to have its architect verify the RSF of the Premises specified in the RSF Notice and notify Tenant in writing if Landlord disagrees with such determination (the "**RSF Response**"). Landlord's RSF Response must specify in reasonable detail the basis for Landlord's disagreement with Tenant's determination of the RSF of the Premises. Should Landlord fail to deliver the RSF Response during the Response Period, the RSF of the Premises specified in the RSF Notice shall be deemed to be correct for all purposes under this Lease, and Landlord and Tenant shall enter into an amendment of this Lease promptly thereafter to modify those provisions of this Lease that are impacted by the change in the RSF of the Premises specified in the RSF Notice (the "**RSF Amendment**"). If Landlord timely sends the RSF Response to Tenant during the Response Period and Tenant's architect and Landlord's architect are unable to agree on the RSF of the Premises within the next thirty (30) days (such thirty (30) day period commencing on the date of the RSF Response (the "**Negotiation Period**"), the RSF of the Premises shall be determined by an independent third-party architect mutually selected by Tenant and Landlord in good faith within five (5) business days of the expiration of the Negotiation Period (the fees of such architect being shared equally by Tenant and Landlord). Such independent third-party architect shall make the final and conclusive determination of the RSF of the Premises within thirty (30) days of his/her appointment, and to the extent necessary, Landlord and Tenant shall enter into the RSF Amendment promptly thereafter. If the RSF of the Premises is determined to be more or less than as stated above, then (i) all payments due from Tenant to Landlord or from Landlord to Tenant based upon rentable square footage of the Premises (including Basic Rental) shall be proportionately, retroactively and prospectively revised to reflect the number of RSF of the Premises as determined above, (ii) the next payment of Basic Rental due and payable by Tenant shall be credited by the aggregate amount of any overpayments made by Tenant, if applicable, or increased by the aggregate amount of any underpayments and (iii) Landlord and Tenant shall promptly execute and deliver an RSF Amendment to the Lease which memorializes the new RSF of the Premises and the revised payments. .

C. Basic Rental:

Months of Term	Annual Rate Per Rentable Square Foot	Monthly Basic Rental
1-24	\$17.50	\$21,896.88*

•Based upon 15,015 rentable square feet, such amount to be adjusted as set forth in Paragraph B. above.

D. Base Year:

Not applicable. Basic Rental is a gross rental rate for the initial Term.

E. Tenant's Proportionate Share:

Not applicable. Basic Rental is a gross rental rate for the initial Term.

F. Security Deposit:

A security deposit of \$21,896.88 shall be due and payable by Tenant to Landlord within 21 days of Tenant's execution of this Lease

G. Permitted Use:

Administrative office use for the Village of Arlington Heights Police Department.

H. Broker:

Cushman & Wakefield of Illinois (Landlord's Broker)

I. Prepaid Rent:

\$21,896.88, which amount shall be due and payable by Tenant to Landlord upon Tenant's execution of this Lease and shall be applied against monthly Basic Rental first coming due hereunder.

J. Construction Allowance:

None. Tenant is accepting the Premises in its "AS IS" and "WITH ALL FAULTS" condition; provided, however, Landlord shall (i) remove all existing items stored on the Premises and excess furniture; (ii) replace all burned out light fixtures; (iii) repair any broken light fixtures; and (iv) ensure that all lights and electrical outlets work and are code compliant. The obligations of Landlord described in subparts (i) through (iv) above are hereinafter referred to as "**Landlord Work**".

- K. Additional Terms See Exhibit "E".  
and  
Conditions:
- L. Guarantor. None.
- M. Termination See Article II of Exhibit E  
Option.

**ARTICLE 2 – TERM/PREMISES**

(a) The Term of this Lease shall commence on the Commencement Date as set forth in Article 1.A. of the Basic Lease Provisions and shall end on the Expiration Date set forth in Article 1.A. of the Basic Lease Provisions. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Term, with the first Lease Year commencing on the Commencement Date; however, (a) if the Commencement Date falls on a day other than the first day of a calendar month, the first Lease Year shall end on the last day of the eleventh (11th) month after the Commencement Date and the second (2nd) and each succeeding Lease Year shall commence on the first day of the next calendar month, and (b) the last Lease Year shall end on the Expiration Date. Landlord and Tenant hereby stipulate that the Premises contain the number of square feet specified in Article 1.B. of the Basic Lease Provisions. Landlord may deliver to Tenant a Commencement Letter in a form substantially similar to that attached hereto as Exhibit "D", which Tenant shall execute and return to Landlord within fifteen (15) days of receipt thereof. Failure of Tenant to provide written notice of any deficiencies in Landlord Work or to timely execute and deliver the Commencement Letter shall constitute an acknowledgment by Tenant that the statements included in such notice are true and correct, without exception.

(b) If Tenant takes possession of the Premises before the Commencement Date, such possession shall be subject to the terms and conditions of this Lease and Tenant shall pay Rental to Landlord for each day of possession before the Commencement Date. However, except for the cost of services requested by Tenant, Tenant shall not be required to pay Basic Rental for any days of possession before the Commencement Date during which Tenant, with the approval of Landlord, is in possession of the Premises for the sole purpose of performing improvements or installing furniture, equipment or other personal property including access for Tenant’s IT staff, Public Works staff and Construction Manager.

**ARTICLE 3 – BASIC RENTAL**

(a) Basic Rental. Tenant agrees to pay to Landlord during the Term hereof, at Landlord's office or to such other person or at such other place as directed from time to time by written notice to Tenant from Landlord, the initial monthly and annual sums as set forth in Article 1.C of the Basic Lease Provisions, payable in advance on the first day of each calendar month, without demand, set-off or deduction, and in the event this Lease commences or the date of expiration of this Lease occurs other than on the first day or last day of a calendar month, the rent for such month shall be prorated. Notwithstanding the foregoing, the first full month's rent shall be paid to Landlord in accordance with Article 1.I. of the Basic Lease Provisions.

- (b) Intentionally Deleted.
- (c) Intentionally Deleted.
- (d) Intentionally Deleted.

**ARTICLE 4 – SECURITY DEPOSIT**

Tenant has deposited with Landlord the sum set forth in Article 1.F. of the Basic Lease Provisions as security for the full and faithful performance of every provision of this Lease to be performed by Tenant. If Tenant breaches any provision of this Lease, including but not limited to the payment of rent, Landlord may use all or any part of this security deposit for the payment of any rent or any other sums in default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount. Tenant agrees that Landlord shall not be required to keep the security deposit in trust, segregate it or keep it separate from Landlord's general funds but Landlord may commingle the security deposit with its general funds and Tenant shall not be entitled to interest on such deposit. At the expiration of the Term, and provided there exists no default by Tenant hereunder, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to

Tenant's assignee), provided that subsequent to the expiration of this Lease, Landlord may retain from said security deposit any and all amounts permitted by law or this Article 4.

#### **ARTICLE 5 – HOLDING OVER**

Should Tenant, without Landlord's written consent, hold over after termination of this Lease, Tenant shall become a tenant from month to month, only upon each and all of the terms herein provided as may be applicable to a month to month tenancy and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay in advance, monthly, rent at one hundred fifty percent (150%) of the rate in effect for the last month of the Term of this Lease. Nothing contained in this Article 5 shall be construed as consent by Landlord to any holding over of the Premises by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or earlier termination of the Term.

#### **ARTICLE 6 – INTENTIONALLY DELETED**

#### **ARTICLE 7 – USE**

Tenant shall use and occupy the Premises only for the use set forth in Article 1.G. of the Basic Lease Provisions and shall not use or occupy the Premises or permit the same to be used or occupied for any other purpose without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole and absolute discretion, and Tenant agrees that it will use the Premises in such a manner so as not to interfere with or infringe the rights of other tenants in the Building. Tenant shall, at its sole cost and expense, promptly comply with all insurance underwriting standards, laws, statutes, ordinances and governmental regulations or requirements now in force or which may hereafter be in force relating to or affecting (i) the condition, use or occupancy of the Premises or the Project excluding structural changes to the Project not related to Tenant's particular use of the Premises, and (ii) improvements installed or constructed in the Premises by or for the benefit of Tenant. Tenant shall not use or occupy any portion of the Unoccupied Portion of the Third Floor without paying Basic Rental for such space. Once Tenant has used or occupied any portion of the Unoccupied Portion of the Third Floor, Tenant shall be irrevocably deemed to have automatically expanded the Third Floor Premises to include the portion of Unoccupied Portion of the Third Floor used or occupied by Tenant. Notwithstanding Project Service Hours (hereinafter defined), Tenant shall have the right to occupy and use the Premises, 24 hours per day, 7 days per week, 365 (366)days per year.

#### **ARTICLE 8 – CONDITION OF PREMISES**

Tenant hereby agrees that the Premises shall be taken "as is", "with all faults", "without any representations or warranties", and Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises and the suitability of same for Tenant's purposes. Except that Landlord will provide code compliant power outlets, lighting and code required exit signs and remove any non-essential items being stored in the Premises. Tenant acknowledges that, except as expressly provided in this Lease, neither Landlord nor any agent nor any employee of Landlord has made any representations or warranty with respect to the Premises or the Project or with respect to the suitability of either for the conduct of Tenant's business. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Project were at such time in satisfactory condition.

Landlord reserves the right from time to time; as otherwise provided herein: (i) to install, use, maintain, repair, replace and relocate for service to the Premises and/or other parts of the Project pipes, ducts, conduits, wires, appurtenant fixtures, and mechanical systems, wherever located in the Premises or the Project, (ii) to alter, close or relocate any facility in the Premises or the Common Areas or otherwise conduct any of the above activities for the purpose of complying with a general plan for fire/life safety for the Project or otherwise and (iii) to comply with any federal, state or local law, rule or order with respect thereto or the regulation thereof not currently in effect. Landlord shall attempt to perform any such work with the least inconvenience to Tenant as possible and shall provide advance notice before doing any maintenance work, except in the event of an emergency, in which event Landlord shall first attempt to notify the 24-hour front desk located in the First Floor Premises, if practicable, but in no event shall Tenant be permitted to withhold or reduce Basic Rental or other charges due under this Lease as a result of same or otherwise make claim against Landlord for interruption or interference with Tenant's business and/or operations. During Project Service Hours, notice should be provided to Tenant's staff who will make arrangements to have someone from Tenant's staff escort Landlord's staff. After normal Project Service Hours, notice should be given to the 24-hour front desk located in the First Floor Premises who will make arrangements to have an escort for Landlord's staff. In no event shall Tenant be permitted to withhold or reduce Basic Rental or other charges due hereunder as a result of Landlord exercising its right under this Paragraph or otherwise make claim against Landlord for interruption or interference with Tenant's business and/or operations.

#### **ARTICLE 9 – REPAIRS AND ALTERATIONS**

Tenant shall keep the Premises in good condition and repair. All damage or injury to the Premises or the Project resulting from the act or negligence of Tenant, its employees, agents or visitors, guests, invitees or licensees or by the use of the Premises shall be promptly repaired by Tenant, at its sole cost and expense, to the satisfaction of Landlord; provided, however, that for damage to the Project as a result of casualty or for any repairs that may impact the mechanical, electrical, plumbing, heating, ventilation or air-conditioning systems of the Project, Landlord shall have the right (but not the obligation) to select the contractor and oversee all such repairs. Tenant shall be responsible for the design and function of all non-standard improvements of the Premises, whether or not installed by Landlord at Tenant's request. Except for Cosmetic Alterations (hereinafter defined), Tenant shall make no alterations, changes or additions in or to the Premises (collectively, "Alterations") without Landlord's prior written consent, which consent may not be unreasonably withheld, delayed or conditioned. Subject to Landlord's approval of the plans and materials, Tenant shall be allowed to install appropriate security measures, which approval shall not be unreasonably delayed or withheld and Landlord shall not assess any fees for their review. Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria (a "Cosmetic Alteration"): (a) is of

a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting and does not exceed a total cost of \$50,000.00 in the aggregate; (b) is not visible from the exterior of the Premises or Building; (c) will not affect the base Building; and (d) does not require work to be performed inside the walls or above the ceiling of the Premises. Cosmetic Alterations shall be subject to all the other provisions of this Section, save and except Landlord's consent shall not be required; however all plans must be reviewed and contractors pre-approved by Landlord in writing prior to commencement of any such Cosmetic Alterations. If permitted Alterations are made, they shall be made at Tenant's sole cost and expense and shall be and become the property of Landlord, except that Landlord may, by written notice to Tenant given at least thirty (30) days prior to the end of the Term, require Tenant at Tenant's expense to remove any Alterations installed by Tenant, and to repair any damages to the Premises caused by such removal. Any and all costs attributable to or related to the applicable building codes of the city in which the Project is located (or any other authority having jurisdiction over the Project) arising from Tenants plans, specifications, improvements, alterations or otherwise shall be paid by Tenant at its sole cost and expense. Excluding the initial Alterations prior to the Commencement Date and Cosmetic Alterations, all other Alterations or any other work arising from or related to this Article 9, Landlord shall be entitled to receive an administrative/supervision fee (which fee shall vary depending upon whether or not Tenant orders the work directly from Landlord) sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such Alterations, if any; provided however no such administration/supervision fee shall be charged for normal maintenance and repairs to the Premises.

#### **ARTICLE 10 – LIENS**

Tenant shall keep the Premises and the Project free from any mechanics' liens, vendor's liens or any other liens arising out of any work performed, materials furnished or obligations incurred by Tenant.

#### **ARTICLE 11 – PROJECT SERVICES**

(a) Landlord agrees to furnish to the Premises, at no additional cost to Tenant, from 7:00 a.m. to 6:00 p.m. Mondays through Fridays and 8:00 a.m. to 1:00 p.m. on Saturdays, excepting local and national holidays ("**Project Service Hours**"), air conditioning and heat all in such reasonable quantities as in the judgment of Landlord is reasonably necessary for the comfortable occupancy of the Premises. In addition, Landlord shall provide electric current for normal lighting, elevator service and water on the same floor as the Premises for lavatory and drinking purposes in such reasonable quantities as in the judgment of Landlord is reasonably necessary for general office use. Except as set forth in Article 11(d) below, Landlord shall not be liable for, and there shall be no rent abatement as a result of, any stoppage, reduction or interruption of any such services. Tenant shall have the right to request additional after hours heating or cooling during the lease term by providing Landlord 24 hours' prior written notice during Project Service Hours of its request for additional HVAC. Tenant shall then be charged \$100 per day for each day such additional HVAC is provided. Landlord, at its sole cost and expense, shall be responsible for snow removal. On Sundays, holidays and after Project Service Hours, Landlord shall be responsible for snow removal on the east driveway, east parking lot and walkway.

(b) Tenant shall provide its own janitorial and maintenance services for the Premises at its sole cost and expense. Tenant will not, without the prior written consent of Landlord, use any apparatus or device in the Premises which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises as general office space; nor connect any apparatus, machine or device with water pipes or electric current (except through existing electrical outlets in the Premises), for the purpose of using electric current or water. If Tenant requests permission to consume excess electrical service, Landlord may refuse to consent or may condition consent upon conditions that Landlord reasonably elects (including, without limitation, the installation of utility service upgrades, meters, submeters, air handlers or cooling units), and the additional usage (to the extent permitted by law), installation and maintenance cost shall be paid for by Tenant. Landlord shall have the right to separately submeter electrical usage for the Premises or to measure electrical usage by survey or other methods that Landlord, in its reasonable judgment, deems appropriate.

(c) Except to the extent electricity is provided by Landlord with respect to Common Areas and normal heating, ventilation and/or air conditioning during Project Service Hours, Tenant shall contract directly and timely pay (prior to delinquency) for all electricity and gas used on or from the Premises together with any taxes, penalties, surcharges or similar charges relating to such services and Landlord shall have no obligations whatsoever in connection therewith. All separate meters serving the Premises shall be repaired and maintained by Tenant at Tenant's sole cost and expense. Except as otherwise provided in Article 11(d) below, Landlord shall not be liable for any failure or disruption of electricity services to the Premises, and Tenant shall not be entitled to an abatement or reduction of rent by reason of such utility service provider's failure to furnish electrical service to the Premises for any reason whatsoever. Under no circumstances shall a disruption in utility services be construed as a constructive or actual eviction of Tenant. Landlord shall not be liable for loss or injury to property or business, occurring, through or in connection with the utility service provider's failure to furnish electrical service. If Tenant fails to pay any charges referred to in this Article 11(c), when due, Landlord may pay the same, and any amount so paid by Landlord shall thereupon become due to Landlord from Tenant as additional rent. Should the Landlord receive a credit to their electric bill due to an agreement between the Tenant and the Utility Company, the Landlord will pass these savings on to the Tenant.

(d) Except as otherwise provided in this Article 11(d), Landlord's failure to furnish, or any interruption, diminishment or termination of services due to the application of Laws, the failure of any equipment, the performance of repairs, improvements or alterations, utility interruptions or the occurrence of an event of Force Majeure (collectively a "**Service Failure**") shall not render Landlord liable to Tenant, constitute a constructive eviction of Tenant, give rise to an abatement of Rent, nor relieve Tenant from the obligation to fulfill any covenant or agreement. However, if all or a material portion of the Premises is subject to a Service Failure that is within the reasonable control of Landlord and such service failure is for a period in excess of three (3) consecutive business days and Tenant's use or enjoyment of the Premises is adversely and unreasonably affected as a result thereof, then Tenant, as its sole remedy, shall be entitled to receive an abatement of monthly Basic Rental payable hereunder during the period beginning on the fourth (4th) consecutive day after Landlord has been provided written notice of the Service Failure that is within the reasonable control of Landlord and ending on the day the Service

Failure ends. If the entire Premises have not been adversely and unreasonably affected by such Service Failure, the amount of abatement shall be equitably prorated calculated on a per square foot basis commensurate with the portion of the Premises adversely affected by such Service Failure (“**Equitably Abated**”). The foregoing abatement provisions of this Article 11(d) shall not apply if the Service Failure is due to fire or other casualty and instead, in such event, the terms and provisions of Article 16 of this Lease shall apply.

#### **ARTICLE 12 – RIGHTS OF LANDLORD**

Landlord and its agents shall have the right to enter the Premises upon advance notice as provided in Exhibit E for the purpose of examining or inspecting the Premises, posting and keeping posted thereon notices as provided by law, or which Landlord deems necessary for the protection of Landlord or the Property, showing the same to prospective tenants, lenders or purchasers of the Project, in the case of an emergency, and for making such alterations, repairs, improvements or additions to the Premises or to the Project as Landlord may deem necessary or desirable. During such entries, Tenant shall require that Landlord be accompanied by an employee of Tenant at all times. In an emergency Landlord shall still provide notice to the Tenant's 24 hour front desk located in the First Floor Premises. In the event of an extreme emergency and the 24 hour front desk is not occupied, Landlord may enter the Premises forcibly without liability to Tenant and without affecting this Lease.

#### **ARTICLE 13 – INDEMNITY**

(a) **Indemnity**. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims arising from Tenant's use of the Premises or the Project or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises or the Project and shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees, patrons, customers or members in or about the Project and from any and all costs, attorneys' fees, expenses and liabilities incurred in the defense of any claim or any action or proceeding brought thereon, including negotiations in connection therewith. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, excepting where the damage is caused by the gross negligence or willful misconduct of Landlord. Notwithstanding the foregoing, Landlord shall indemnify, defend and hold Tenant harmless from and against any and all claims, liability, loss, cost or expense (including reasonable attorneys' fees) arising out of or in connection with any injury or damage to any person or property occurring in, on or about the Project or any part thereof or Common Area, if such injury or damage is caused by the gross negligence or willful misconduct by Landlord, its agents, contractors or employees. If any action or proceeding is brought against Tenant by reason of any such claim, upon notice from Tenant, Landlord shall defend the same at Landlord's expense by counsel reasonably satisfactory to Tenant. The foregoing provisions shall survive the expiration or termination of this Lease.

(b) **Exemption of Landlord from Liability**. Landlord shall not be liable for injury to Tenant's business, or loss of income therefrom, or for damage that may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or contractors, or any other person in, on or about the Premises directly or indirectly caused by or resulting from fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, light fixtures, or mechanical or electrical systems or from intrabuilding network cable, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources or places and regardless of whether the cause of such damage or injury or the means or repairing the same is inaccessible to Tenant. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant of the Project. Tenant acknowledges that Landlord's election to provide mechanical surveillance or to post security personnel in the Project is solely within Landlord's discretion; Landlord shall have no liability in connection with the decision whether or not to provide such services and Tenant hereby waives all claims based thereon. Except that, Landlord understands and agrees that, due to the nature of Tenant's use of the Premises, Landlord shall not install any surveillance equipment in Tenant's Premises. Landlord shall not be liable for losses due to theft, vandalism, or like causes.

#### **ARTICLE 14 – INSURANCE**

(a) **Tenant's Insurance**. Tenant, shall at all times during the Term of this Lease, and at its own cost and expense, procure and continue in force the following insurance coverage: (i) Commercial General Liability Insurance with a combined single limit for bodily injury and property damages of not less than Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the annual aggregate, including products liability coverage if applicable, covering the insuring provisions of this Lease and the performance of Tenant of the indemnity and exemption of Landlord from liability agreements set forth in Article 13 hereof; (ii) a policy of standard fire, extended coverage and special extended coverage insurance (all risks), including a vandalism and malicious mischief endorsement, sprinkler leakage coverage and earthquake sprinkler leakage where sprinklers are provided in an amount equal to the full replacement value new without deduction for depreciation of all (A) Tenant Improvements, Alterations, fixtures and other improvements in the Premises and (B) trade fixtures, furniture, equipment and other personal property installed by or at the expense of Tenant; (iii) Worker's Compensation coverage as required by law; and (iv) business interruption, loss of income and extra expense insurance covering failure of Tenant's telecommunications equipment and covering all other perils, failures or interruptions.

(b) **Form of Policies**. The aforementioned minimum limits of policies and Tenant's procurement and maintenance thereof shall in no event limit the liability of Tenant hereunder. The Commercial General Liability Insurance policy shall name Landlord, Landlord's property manager, Landlord's lender(s) and such other persons or firms as Landlord specifies from time to time, as additional insureds

with an appropriate endorsement to the policy(s). All such insurance policies carried by Tenant shall be with companies having a rating of not less than A-VIII in Best's Insurance Guide. Tenant shall furnish to Landlord, from the insurance companies, or cause the insurance companies to furnish, certificates of coverage. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be endorsed to agree that Tenant's policy is primary and that any insurance covered by Landlord is excess and not contributing with any Tenant insurance requirement hereunder. Tenant shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewals or binders.

(c) Waiver of Subrogation. Landlord and Tenant each agree to have their respective insurers waive any rights of subrogation that such companies may have against the other party. Tenant hereby waives any right that Tenant may have against Landlord and Landlord hereby waives any right that Landlord may have against Tenant as a result of any loss or damage to the extent such loss or damage is insurable under such policies.

#### **ARTICLE 15 – ASSIGNMENT AND SUBLETTING**

(a) Tenant shall have no power to, either voluntarily, involuntarily, by operation of law or otherwise, sell, assign, transfer or hypothecate this Lease or any interest in Tenant, or sublet the Premises or any part thereof, or permit the Premises or any part thereof to be used or occupied by anyone other than Tenant or Tenant's employees without the prior written consent of Landlord, which may be given or withheld in Landlord's sole discretion.

(b) Whether or not Landlord consents to any such transfer, Tenant shall pay to Landlord Landlord's then standard processing fee and reasonable attorneys' fees incurred in connection with the proposed transfer.

(c) It shall be a condition to Landlord's consent to any subleasing, assignment or other transfer of part or all of Tenant's interest in the Premises (hereinafter referred to as a "**Transfer**") that (i) upon Landlord's consent to any Transfer, Tenant shall pay and continue to pay fifty percent (50%) of any "Transfer Premium" (defined below), received by Tenant from the transferee; (ii) any sublessee of part or all of Tenant's interest in the Premises shall agree that in the event Landlord gives such sublessee notice that Tenant is in default under this Lease, such sublessee shall thereafter make all sublease or other payments directly to Landlord, which will be received by Landlord without any liability whether to honor the sublease or otherwise (except to credit such payments against sums due under this Lease), and any sublessee shall agree to attorn to Landlord or its successors and assigns at their request should this Lease be terminated for any reason, except that in no event shall Landlord or its successors or assigns be obligated to accept such attornment; (iii) any such Transfer and consent shall be effected on forms supplied by Landlord and/or its legal counsel; (iv) Landlord may require that Tenant not then be in default hereunder in any respect; and (v) Tenant or the proposed subtenant or assignee (collectively, "**Transferee**") shall agree to pay Landlord, upon demand, as additional rent, a sum equal to the additional costs, if any, incurred by Landlord for maintenance and repair as a result of any change in the nature of occupancy caused by such subletting or assignment. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by a Transferee in connection with a Transfer in excess of the rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer and if such Transfer is less than all of the Premises, the Transfer Premium shall be calculated on a rentable square foot basis. "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by a transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to the Transferee and any payment in excess of fair market value for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to the Transferee in connection with such Transfer, all net of Tenant's reasonable and documented out-of-pocket expenses incurred in connection with such Transfer.

#### **ARTICLE 16 – DAMAGE OR DESTRUCTION**

If the Project is damaged by fire or other insured casualty and the insurance proceeds have been made available therefor by the holder or holders of any mortgages or deeds of trust covering the Premises or the Project, the damage shall be repaired by Landlord to the extent such insurance proceeds are available therefor and provided such repairs can, in Landlord's sole opinion, be completed within one hundred eighty (180) days after the necessity for repairs as a result of such damage becomes known to Landlord without the payment of overtime or other premiums, and until such repairs are completed rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of rent by reason of any portion of the Premises being unusable for a period equal to one (1) day or less). However, if the damage is due to the fault or neglect of Tenant, its employees, agents, contractors, guests, invitees and the like, there shall be no abatement of rent, unless and to the extent Landlord receives rental income insurance proceeds. Upon the occurrence of any damage to the Premises, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Article 14(a)(ii)(A) above; provided, however, that if the cost of repair of improvements within the Premises by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as so assigned by Tenant, such excess costs shall be paid by Tenant to Landlord prior to Landlord's repair of such damage. If repairs cannot, in Landlord's opinion, be completed within one hundred eighty (180) days after the necessity for repairs as a result of such damage becomes known to Landlord without the payment of overtime or other premiums, Landlord may, at its option, either (i) make them in a reasonable time and in such event this Lease shall continue in effect and the rent shall be abated, if at all, in the manner provided in this Article 16, or (ii) elect not to effect such repairs and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after Landlord learns of the necessity for repairs as a result of damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises. In addition, Landlord may elect to terminate this Lease if the Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and the damage is not fully covered, except for deductible amounts, by Landlord's insurance policies. Finally, if the Premises or the Project is damaged to any substantial extent during the last twelve (12) months of the Term, then notwithstanding anything contained in this Article 16 to the contrary, Landlord shall have the option to terminate this Lease by giving written notice to Tenant of the exercise of such option within sixty (60) days after Landlord learns of the necessity for



repairs as the result of such damage. A total destruction of the Project shall automatically terminate this Lease. Except as provided in this Article 16, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business or property arising from such damage or destruction or the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant understands that Landlord will not carry insurance of any kind on Tenant's furniture, furnishings, trade fixtures or equipment, and that Landlord shall not be obligated to repair any damage thereto or replace the same. Except for insurance proceeds relating to Tenant's furniture, furnishings, trade fixtures and equipment, Tenant acknowledges that Tenant shall have no right to any proceeds of insurance relating to property damage to the Project, Building, Premises or improvements to the Premises.

#### **ARTICLE 17 – SUBORDINATION**

This Lease is subject and subordinate to all ground or underlying leases, mortgages and deeds of trust which affect the property or the Project, including all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, if the lessor under any such lease or the holder or holders of any such mortgage or deed of trust shall advise Landlord that they desire or require this Lease to be prior and superior thereto, upon written request of Landlord to Tenant, Tenant agrees to promptly execute, acknowledge and deliver any and all documents or instruments which Landlord or such lessor, holder or holders deem necessary or desirable for purposes thereof. Landlord shall have the right to cause this Lease to be and become and remain subject and subordinate to any and all ground or underlying leases, mortgages or deeds of trust which may hereafter be executed covering the Premises, the Project or the property or any renewals, modifications, consolidations, replacements or extensions thereof; provided, however, that Landlord obtains from the lender or other party in question a written undertaking in favor of Tenant to the effect that such lender or other party will not disturb Tenant's right of possession under this Lease if Tenant is not then or thereafter in breach of any covenant or provision of this Lease. Tenant agrees, within ten (10) days after Landlord's written request therefor, to execute, acknowledge and deliver upon request any and all documents or instruments requested by Landlord or necessary or proper to assure the subordination of this Lease to any such mortgages, deed of trust, or leasehold estates. Tenant agrees to provide copies of any notices of Landlord's default under this Lease to any mortgagee or deed of trust beneficiary whose address has been provided to Tenant and Tenant shall provide such mortgagee or deed of trust beneficiary a commercially reasonable time after receipt of such notice within which to cure any such default.

#### **ARTICLE 18 – EMINENT DOMAIN**

If the whole of the Premises or the Project or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, or is sold, transferred or conveyed in lieu thereof, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by the condemning authority, at Landlord's option. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant for the taking of personal property and trade fixtures belonging to Tenant and removable by Tenant at the expiration of the Term hereof as provided hereunder or for the interruption of, or damage to, Tenant's business.

#### **ARTICLE 19 – DEFAULT**

Each of the following acts or omissions of Tenant or of any guarantor of Tenant's performance hereunder, or occurrences, shall constitute an "**Event of Default**":

- (a) Failure or refusal to pay Basic Rental or any other amount to be paid by Tenant to Landlord hereunder when same is due or payable hereunder;
- (b) Except as set forth in items (a) above and (c) below, failure to perform or observe any other covenant or condition of this Lease to be performed or observed within thirty (30) days following written notice to Tenant of such failure; or
- (c) Tenant's failure to observe or perform according to the provisions of Articles 17 or 25 within five (5) business days after notice from Landlord.

#### **ARTICLE 20 – REMEDIES**

In the event of any default or breach of this Lease by Tenant, Landlord's obligations under this Lease shall be suspended and Landlord may at any time thereafter, without limiting Landlord in the exercise of any other right or remedy at law or in equity which Landlord may have (all remedies provided herein being nonexclusive and cumulative), do any one or more of the following:

- (a) Maintain this Lease in full force and effect and recover the Basic Rental and other monetary charges as they become due, without terminating Tenant's right to possession irrespective of whether Tenant shall have abandoned the Premises. If Landlord does not elect to terminate the Lease, Landlord shall have the right to attempt to relet the Premises at such rent and upon such conditions, and for such a term, as Landlord deems appropriate in its sole discretion and to do all acts necessary with regard thereto, without being deemed to have elected to terminate the Lease, including re-entering the Premises to make repairs or to maintain or modify the Premises, and removing all persons and property from the Premises; which property if removed may at Landlord's election be abandoned or stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. Reletting may be for a period shorter or longer than the remaining Term of this Lease, and for more or less rent, but Landlord shall have no obligation to relet at less than prevailing market rental rates. If reletting occurs, this Lease shall terminate automatically when the new tenant takes possession of the Premises and commences rent payment. Notwithstanding that Landlord does not elect to terminate this Lease initially, Landlord at any time thereafter may elect to

terminate this Lease by virtue of any uncured default by Tenant. In the event of any such termination, Landlord shall be entitled to recover from Tenant any and all damages incurred by Landlord by reason of Tenant's default (including, without limitation, the damages described in Article 20(b) below), as well as all costs of reletting, including commissions, attorneys' fees, restoration or remodeling costs, and costs of advertising.

(b) Terminate Tenant's right to possession by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord may seek to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including (without limitation) the following: (1) the worth, at the time of award, of any unpaid Rent which had been earned at the time of such termination; plus (2) the worth, at the time of award, of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rental loss that Tenant proves could have been reasonably avoided; plus (3) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rental loss that Tenant proves could have been reasonably avoided; plus (4) any other amount, and court costs, necessary to compensate Landlord for all the detriment proximately caused by Tenant's default or which in the ordinary course of things would be likely to result therefrom (including, without limiting the generality of the foregoing, the amount of any commissions and/or finder's fee for a replacement tenant); plus (5) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in subsections (1) and (2) of this Article 20(b), the "worth, at the time of award" is to be computed by allowing interest at the then maximum rate of interest allowable under law which could be charged Tenant by Landlord, or, if no such maximum rate of interest exists, at the discount rate of the U.S. Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%), and, as used in subsection (3) of this Article 20(b), the "worth, at the time of award" is to be computed by discounting such amount at the discount rate of the U.S. Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%). The term "Rent," as used in this Section 20(b), shall be deemed to be and to mean all Basic Rental and other monetary sums required to be paid by Tenant pursuant to this Lease. For the purpose of determining the amount of "unpaid Rent which would have been earned after termination" or the "unpaid Rent for the balance of the Term" (as referenced in subsections (2) and (3) hereof).

(c) Collect sublease rents (or appoint a receiver to collect such rent) and otherwise perform Tenant's obligations at the Premises; it being agreed, however, that neither the filing of a petition for the appointment of a receiver for Tenant nor the appointment itself shall constitute an election by Landlord to terminate this Lease.

(d) Proceed to cure the default at Tenant's sole cost and expense, without waiving or releasing Tenant from any obligation hereunder. If at any time Landlord pays any sum or incurs any expense as a result of or in connection with curing any default of Tenant (including any administrative fees provided for herein and attorneys' fees), the amount thereof shall be immediately due as of the date of such expenditure and, together with interest at the lesser of ten percent (10%) per annum or the maximum rate permitted by law from the date of such expenditures, shall be paid by Tenant to Landlord immediately upon demand, and Tenant hereby covenants to pay any and all such sums.

(e) If rental is not paid when due, a late charge equal to ten percent (10%) of the amount overdue or \$100, whichever is greater, shall be immediately due and owing and shall accrue for each calendar month or part thereof until such rental, including the late charge, is paid in full, which late charge Tenant hereby agrees is a reasonable estimate of the damages Landlord shall suffer as a result of Tenant's late payment.

(f) If Tenant is not occupying the Premises, retain possession of all of Tenant's fixtures, furniture, equipment, improvements, additions and other personal property left in the Premises or, at Landlord's option, at any time, to require Tenant to forthwith remove same, and if not so removed to deem them abandoned and dispose of same.

All covenants and agreements to be performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any offset to or abatement of Basic Rental or any other amounts due under this Lease.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord, specifying the manner in which Landlord has failed to perform such obligation; provided however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance as determined by Landlord, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion; provided further that Landlord's obligation to perform any act under this Lease shall be excused for any period of time during which Landlord is prevented from performing because of any circumstance beyond Landlord's control. Tenant's remedies upon Landlord's default are further limited by the terms of this Lease, including, but not limited to, Article 26.

#### **ARTICLE 21 – TRANSFER OF LANDLORD'S INTEREST**

In the event of any transfer or termination of Landlord's interest in the Premises or the Project by sale, assignment, transfer, foreclosure, deed-in-lieu of foreclosure or otherwise whether voluntary or involuntary, Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord from and after the date of such transfer or termination, including furthermore without limitation, the obligation of Landlord under Article 4 to return the security deposit, provided said security deposit is transferred to said transferee. Tenant agrees to attorn to the transferee upon any such transfer and to recognize such transferee as the lessor under this Lease and Tenant shall, within five (5) days after request, execute such further instruments or assurances as such transferee may reasonably deem necessary to evidence or confirm such attornment.

## **ARTICLE 22 – BROKERS**

In connection with this Lease, Tenant warrants and represents that it has had dealings only with firm(s) set forth in Article 1.H. of the Basic Lease Provisions and that it knows of no other person or entity who is or might be entitled to a commission, finder's fee or other like payment in connection herewith and does hereby indemnify and agree to hold Landlord, its agents, members, partners, representatives, officers, affiliates, shareholders, employees, successors and assigns harmless from and against any and all loss, liability and expenses that Landlord may incur should such warranty and representation prove incorrect, inaccurate or false. Landlord shall pay Landlord's Broker a commission pursuant to the terms of a separate written agreement.

## **ARTICLE 23 – PARKING**

Appurtenant to Tenant's lease of the Premises, Tenant shall have the right to use, commencing on the Commencement Date, thirty-five (35) parking spaces in the eastern surface parking area of the Project, which thirty-five (35) spaces shall be for the exclusive use of Tenant's patrol and unmarked vehicles, and two (2) reserved parking spaces in the Project's parking garage. Tenant shall reimburse Landlord for the cost of installation and maintenance of signage required for the thirty-five (35) spaces in eastern surface parking area or the Tenant may install the reserved parking signage at its own expense; provided, such signage is preapproved by Landlord in writing, which approval shall not be unreasonably withheld or delayed. Provided that Tenant is not in default under this Lease beyond applicable notice and cure periods, Landlord shall provide such spaces free of charge. Tenant's continued right to use the parking spaces is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking spaces are located, including any sticker or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations, and Tenant not being in default under this Lease. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of rent under this Lease, from time to time, close-off or restrict access to the Project parking facility for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord may, from time to time, relocate any reserved parking spaces (if any) rented by Tenant to another location in the Project parking facility but only to another location in close proximity to the East entrance. Landlord may delegate its responsibilities hereunder to a parking operator or a lessee of the parking facility in which case such parking operator or lessee shall have all the rights of control attributed hereby to the Landlord. The parking spaces provided to Tenant pursuant to this Article 23 are provided to Tenant solely for use by Tenant's own personnel and such spaces may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Police staff and visitors will park in general parking at no additional fee.

## **ARTICLE 24 – WAIVER**

No waiver by Landlord of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. No provision of this Lease may be waived by Landlord, except by an instrument in writing executed by Landlord. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Term of this Lease shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord. Any payment by Tenant or receipt by Landlord of an amount less than the total amount then due hereunder shall be deemed to be in partial payment only thereof and not a waiver of the balance due or an accord and satisfaction, notwithstanding any statement or endorsement to the contrary on any check or any other instrument delivered concurrently therewith or in reference thereto. Accordingly, Landlord may accept any such amount and negotiate any such check without prejudice to Landlord's right to recover all balances due and owing and to pursue its other rights against Tenant under this Lease, regardless of whether Landlord makes any notation on such instrument of payment or otherwise notifies Tenant that such acceptance or negotiation is without prejudice to Landlord's rights.

## **ARTICLE 25 – ESTOPPEL CERTIFICATE**

Tenant shall, at any time and from time to time, upon not less than ten (10) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying the following information, (but not limited to the following information in the event further information is requested by Landlord): (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect); (ii) the dates to which the rental and other charges are paid in advance, if any; (iii) the amount of Tenant's security deposit, if any; and (iv) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events or conditions, if any are claimed. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Real Property. Tenant's failure to deliver such statement within such time shall constitute an admission by Tenant that all statements contained therein are true and correct.

## **ARTICLE 26 – LIABILITY OF LANDLORD**

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) SHALL BE LIMITED TO THE INTEREST OF LANDLORD IN THE PROJECT. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PROJECT FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD OR ANY LANDLORD RELATED PARTY. NEITHER LANDLORD NOR ANY LANDLORD

RELATED PARTY SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY, AND NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS LEASE, IN NO EVENT SHALL LANDLORD OR ANY LANDLORD RELATED PARTY BE LIABLE TO TENANT FOR ANY LOST PROFIT, DAMAGE TO OR LOSS OF BUSINESS OR ANY FORM OF SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGE. BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD, TENANT SHALL GIVE LANDLORD AND ANY MORTGAGEE(S) WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES, NOTICE AND REASONABLE TIME TO CURE THE ALLEGED DEFAULT.

#### **ARTICLE 27 – INABILITY TO PERFORM**

This Lease and the obligations of Tenant hereunder shall not be affected or impaired because Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of any prevention, delay, stoppage due to strikes, lockouts, acts of God, or any other cause previously, or at such time, beyond the reasonable control or anticipation of Landlord (collectively, a "**Force Majeure**") and Landlord's obligations under this Lease shall be forgiven and suspended by any such Force Majeure.

#### **ARTICLE 28 – HAZARDOUS WASTE**

(a) Except for fuel for the generator, Tenant shall not cause or permit any Hazardous Material (as defined in Article 28(b) below) to be brought, kept or used in or about the Project by Tenant, its agents, employees, contractors, or invitees. Tenant indemnifies Landlord from and against any breach by Tenant of the obligations stated in the preceding sentence, and agrees to defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Project, damages for the loss or restriction or use of rentable or usable space or of any amenity of the Project, damages arising from any adverse impact or marketing of space in the Project, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise during or after the Term of this Lease as a result of such breach.

(b) As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of Illinois or the United States Government.

#### **ARTICLE 29 – SURRENDER OF PREMISES; REMOVAL OF PROPERTY**

(a) Upon the expiration of the Term of this Lease, or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in as good order and condition as the same are now and hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, telephone and data cabling and all articles of personal property installed or placed in the Premises, and Tenant shall repair all damage to the Premises resulting from the installation and removal of such items to be removed.

(b) Except for those improvements set forth below, all fixtures and Alterations attached to or built into the Premises prior to or during the Term, whether by Landlord or Tenant and whether at the expense of Landlord or Tenant, or of both, shall be and remain part of the Premises and shall not be removed by Tenant at the end of the Term unless otherwise expressly provided for in this Lease or unless such removal is required by Landlord. Such fixtures and Alterations shall include but not be limited to: all floor and window coverings, built-in cabinetry, molding, doors, plumbing systems, electrical systems, lighting systems, silencing equipment, and all fixtures and outlets for the systems mentioned above. Notwithstanding the foregoing, when the final floor plans are submitted for Landlord's review and approval, Tenant will identify in writing those items that will be removed upon the expiration of the Lease which shall include, but not be limited to, a Tenant installed generator, the communication system, Tenant's required data infrastructure system, security system and bullet resistant glass from the front desk.

#### **ARTICLE 30 – MISCELLANEOUS**

(a) Severability; Entire Agreement. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect. This Lease and the Exhibits and any Addendum attached hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or supplemented except by an agreement in writing signed by the parties hereto or their successor in interest.

(b) Attorneys' Fees; Waiver of Jury Trial.

(i) In any action to enforce the terms of this Lease, including any suit by Landlord for the recovery of rent or possession of the Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees in such suit and such attorneys' fees shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

(ii) TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION SEEKING SPECIFIC PERFORMANCE OF ANY PROVISION OF THIS LEASE, FOR DAMAGES FOR ANY BREACH UNDER THIS LEASE, OR OTHERWISE FOR ENFORCEMENT OF ANY RIGHT OR REMEDY HEREUNDER.

(c) Time of Essence. Each of Tenant's covenants herein is a condition and time is of the essence with respect to the performance of every provision of this Lease.

(d) Headings; Joint and Several. The article headings contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, the neuter shall include the masculine and feminine genders and the obligations herein imposed upon Tenant shall be joint and several as to each of the persons, firms or corporations of which Tenant may be composed.

(e) Reserved Area. Tenant hereby acknowledges and agrees that the exterior walls of the Premises and the area between the finished ceiling of the Premises and the slab of the floor of the project thereabove have not been demised hereby and the use thereof together with the right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through, under or above the Premises in locations which will not materially interfere with Tenant's use of the Premises and serving other parts of the Project are hereby excepted and reserved unto Landlord.

(f) Improvements. In the event that Landlord undertakes any additional improvements on the Real Property including but not limited to new construction or renovation or additions to the existing improvements, Landlord shall not be liable to Tenant for any noise, dust, vibration or interference with access to the Premises or disruption in Tenant's business caused thereby; provided, however, Tenant shall at all times have access to the Premises.

(g) Rules and Regulations. Tenant shall observe faithfully and comply strictly with the Rules and Regulations attached to this Lease as Exhibit "B" as amended and made a part hereof, and such other Rules and Regulations as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Project, the facilities thereof, or the preservation of good order therein. Landlord shall not be liable to Tenant for violation of any such Rules and Regulations, or for the breach of any covenant or condition in any lease by any other tenant in the Project. A waiver by Landlord of any Rule or Regulation for any other tenant shall not constitute nor be deemed a waiver of the Rule or Regulation for this Tenant.

(h) Quiet Possession. Upon Tenant's paying the Basic Rent, Additional Rent and other sums provided hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof, subject to all of the provisions of this Lease.

(i) Successors and Assigns. Subject to the provisions of Article 15 hereof, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(j) Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service evidenced by a signed receipt or sent by registered or certified mail, return receipt requested, or via overnight courier, and shall be effective upon proof of delivery, addressed to Tenant at the Premises or to Landlord at the management office for the Project, with a copy to Landlord, c/o Younan Properties, Inc., 5959 Topanga Canyon Boulevard, Woodland Hills, California 91367, Attn: General Counsel. Either party may by notice to the other specify a different address for notice purposes except that, upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for notice purposes. A copy of all notices to be given to Landlord hereunder shall be concurrently transmitted by Tenant to such party hereafter designated by notice from Landlord to Tenant.

(k) Right of Landlord to Perform. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If Tenant shall fail to pay any sum of money, other than rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable cure period set forth in this Lease, Landlord may, but shall not be obligated to, without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as is in this Lease provided. All sums so paid by Landlord and all reasonable incidental costs, together with interest thereon at the rate of ten percent (10%) per annum from the date of such payment by Landlord, shall be payable to Landlord on demand and Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of the rent.

(l) Access, Changes in Project, Facilities, Name.

(i) Tenant shall permit Landlord to install, use and maintain pipes, ducts and conduits within the walls, columns and ceilings of the Premises. During any maintenance work, Landlord or any subcontractor agrees to be escorted by Tenant's staff.

(ii) Landlord may adopt any name for the Project and Landlord reserves the right to change the name or address of the Project at any time.

(m) Signing Authority. If Tenant is a corporation, partnership or limited liability company, each individual executing this Lease on behalf of said entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity.

(n) Substitute Premises. Landlord shall have the right at any time during the Term hereof, upon giving Tenant not less than thirty (30) days prior notice, to relocate Tenant from the portion of the Premises located on the Third Floor Premises to comparable improved space elsewhere in the Project of approximately the same size as the then current Third Floor Premises and remove and place Tenant in such space, with Landlord to pay all verified costs and expenses incurred as a result of such movement to such new space. Such move will be done to the extent reasonably practicable with minimal disruption to Tenant's operations. If Landlord moves Tenant to such new space, this Lease and each and all of its terms, covenants and conditions shall remain in full force and effect and shall be deemed applicable to such new space and such new space shall thereafter be deemed to be the "Premises" as though Landlord and Tenant had

entered into an express written amendment of this Lease with respect thereto. Landlord may not relocate Tenant from the First Floor Premises.

(o) Survival of Obligations. Any obligations of Tenant occurring prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

(p) Signage. (i) Tenant shall not place or permit to be placed in or upon the Premises, where visible from outside the Premises, or outside the Premises on any part of the Project, any signs, notices, drapes, shutters, blinds, or displays of any type, without the prior written consent of Landlord. Landlord reserves the right in its sole discretion to place and locate on the roof or exterior of the Project, and in any area of the Project not leased to Tenant, any signs, notices, displays and similar items as Landlord deems appropriate. Tenant shall not inscribe, paint, affix, or display any signs, advertisements or notices on or in the Building or anywhere within the Project or anywhere within the Premises if visible from any common areas within the Project.

(ii) Landlord shall provide Tenant with initial Project-standard suite signage and lobby directory signage. Tenant, at Tenant's sole cost and expense may install wayfinding signage, in locations and style approved by Landlord, which approval shall not be unreasonably withheld.

(iii) Tenant shall have the non-exclusive right to place its name and/or logo on one (1) panel of the monument sign for the Building as long as Tenant is not in Default beyond any applicable notice and cure period. Installation, repair, maintenance and removal of such signage and repair to the monument caused by such removal shall be at Tenant's sole cost. Any such signage shall comply with all applicable laws and the design, size, color and content shall be subject to Landlord's prior written approval; provided, however, Landlord's approval of such signage shall not be unreasonably withheld, conditioned, or delayed.

(iv) Tenant's use of the Tenant's signage shall be subject to all applicable laws, the terms and conditions of this Lease, and the rules and regulations established by Landlord from time to time, and shall be conditioned on Tenant not being in Default under this Lease.

(q) Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Illinois. No conflicts of law rules of any state or country (including, without limitation, Illinois conflicts of law rules) shall be applied to result in the application of any substantive or procedural laws of any state or country other than Illinois. All controversies, claims, actions or causes of action arising between the parties hereto and/or their respective successors and assigns, shall be brought, heard and adjudicated by the courts of the State of Illinois, with venue in the County of Cook. Each of the parties hereto hereby consents to personal jurisdiction by the courts of the State of Illinois in connection with any such controversy, claim, action or cause of action, and each of the parties hereto consents to service of process by any means authorized by Illinois law and consent to the enforcement of any judgment so obtained in the courts of the State of Illinois on the same terms and conditions as if such controversy, claim, action or cause of action had been originally heard and adjudicated to a final judgment in such courts. Each of the parties hereto further acknowledges that the laws and courts of Illinois were freely and voluntarily chosen to govern this Lease and to adjudicate any claims or disputes hereunder.

(r) Exhibits and Addendum. The Exhibits and Addendum, if applicable, attached hereto are incorporated herein by this reference as if fully set forth herein.

(s) Administrative Fee. If Landlord or its property manager at Tenant's request performs any service that Landlord is not otherwise required to perform under the terms of this Lease, incurs any cost or expense, or furnishes any goods to or for the use or benefit of Tenant, or if, pursuant to any provision contained in this Lease, Landlord or its property manager at its option performs, or causes to be performed, any obligation hereunder that Tenant failed to perform, then and in each such instance, in addition to the amount that Tenant is thereupon obligated as a result of the foregoing to pay or reimburse to Landlord, Tenant shall pay to Landlord an administrative fee equal to ten percent (10%) of such amount.

(t) Signs. Tenant shall not place or permit to be placed in or upon the Premises, where visible from outside the Premises, or outside the Premises on any part of the Project, any signs, notices, drapes, shutters, blinds, or displays of any type, without the prior written consent of Landlord. Landlord reserves the right in its sole discretion to place and locate on the roof or exterior of the Project, and in any area of the Project not leased to Tenant, any signs, notices, displays and similar items as Landlord deems appropriate. Provided Tenant is not in default under this Lease, Landlord shall provide Tenant with initial Project-standard suite signage and lobby directory signage ("**Tenant's Signage**"). Tenant's use of the Tenant's Signage shall be subject to all applicable laws, the terms and conditions of this Lease, and the rules and regulations established by Landlord from time to time, and shall be conditioned on Tenant not being in default under this Lease.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease, consisting of the foregoing provisions and Articles, including all exhibits and other attachments referenced therein, as of the date first above written.

**LANDLORD:**

**YPI ARLINGTON, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: John Cook  
Title: Vice President

**TENANT:**

**VILLAGE OF ARLINGTON HEIGHTS**

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

**EXHIBIT "A"**  
**PREMISES**



## EXHIBIT "B"

### RULES AND REGULATIONS

1. No sign, advertisement or notice shall be displayed, printed or affixed on or to the Premises or to the outside or inside of the Project or so as to be visible from outside the Premises or Project without Landlord's prior written consent. Landlord shall have the right to remove any non-approved sign, advertisement or notice, without notice to and at the expense of Tenant, and Landlord shall not be liable in damages for such removal. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by Landlord or by a person selected by Landlord and in a manner and style acceptable to Landlord.

2. Tenant shall not obtain for use on the Premises ice, waxing, cleaning, interior glass polishing, rubbish removal, towel or other similar services, or accept barbering or boot blackening, or coffee cart services, milk, soft drinks or other like services on the Premises, except from persons authorized by Landlord and at the hours and under regulations fixed by Landlord. No vending machines or machines of any description shall be installed, maintained or operated upon the Premises without Landlord's prior written consent such consent will not be unreasonably withheld.

3. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by Tenant or used for any purpose other than for ingress and egress from Tenant's Premises. Under no circumstances is trash to be stored in the corridors. Notice must be given to Landlord for any large deliveries. Furniture, freight and other large or heavy articles, and all other deliveries may be brought into the Project only at times and in the manner designated by Landlord, and always at Tenant's sole responsibility and risk. Landlord may impose reasonable charges for use of elevators after or before normal business hours. All damage done to the Project by moving or maintaining such furniture, freight or articles shall be repaired by Landlord at Tenant's expense. Tenant shall not take or permit to be taken in or out of entrances or passenger elevators of the Project, any item normally taken, or which Landlord otherwise reasonably requires to be taken, in or out through service doors or on freight elevators. Tenant shall move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all waste that is at any time being taken from the Premises directly to the areas designated for disposal.

4. Toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein.

5. Tenant shall not overload the floor of the Premises or mark, drive nails, screw or drill into the partitions, ceilings or floor or in any way deface the Premises. Tenant shall not place typed, handwritten or computer generated signs in the corridors or any other common areas. Should there be a need for signage additional to the Project standard tenant placard; a written request shall be made to Landlord to obtain approval prior to any installation. All costs for said signage shall be Tenant's responsibility.

6. In no event shall Tenant place a load upon any floor of the Premises or portion of any such flooring exceeding the floor load per square foot of area for which such floor is designed to carry and which is allowed by law, or any machinery or equipment which shall cause excessive vibration to the Premises or noticeable vibration to any other part of the Project. Prior to bringing any heavy safes, vaults, large computers or similarly heavy equipment into the Project, Tenant shall inform Landlord in writing of the dimensions and weights thereof and shall obtain Landlord's consent thereto. Such consent shall not constitute a representation or warranty by Landlord that the safe, vault or other equipment complies, with regard to distribution of weight and/or vibration, with the provisions of this Rule 6 nor relieve Tenant from responsibility for the consequences of such noncompliance, and any such safe, vault or other equipment which Landlord determines to constitute a danger of damage to the Project or a nuisance to other tenants, either alone or in combination with other heavy and/or vibrating objects and equipment, shall be promptly removed by Tenant, at Tenant's cost, upon Landlord's written notice of such determination and demand for removal thereof.

7. Except for fuel for the generator, Tenant shall not use or keep in the Premises or Project any kerosene, gasoline or inflammable, explosive or combustible fluid or material, or use any method of heating or air-conditioning other than that supplied by Landlord.

8. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Landlord.

9. Tenant shall not install or use any blinds, shades, awnings or screens in connection with any window or door of the Premises and shall not use any drape or window covering facing any exterior glass surface other than the standard drapes, blinds or other window covering established by Landlord.

10. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing window coverings when the sun's rays fall directly on windows of the Premises. Tenant shall not obstruct, alter, or in any way impair the efficient operation of Landlord's heating, ventilating and air-conditioning system. Tenant shall have the option to adjust thermostats or other controls to maintain a comfortable working environment.

11. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of the Premises. Tenant shall not, without Landlord's prior written consent, occupy or permit any portion of the Premises to be occupied or used for the manufacture or sale of liquor or tobacco in any form, or a barber or manicure shop, or as an employment bureau. The Premises shall not be used for lodging or sleeping or for any improper, objectionable or immoral purpose. No auction shall be conducted on the Premises.

12. Tenant shall not make, or permit to be made, any unseemly or disturbing noises, or disturb or interfere with occupants of Project or neighboring buildings or premises or those having business with it by the use of any musical instrument, radio, phonographs or unusual noise, or in any other way.

13. No bicycles, vehicles or animals (except as provided in Exhibit E) of any kind shall be brought into or kept in or about the Premises, and no cooking shall be done or permitted by any tenant in the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for tenants, their employees and visitors shall be permitted. No tenant shall cause or permit any unusual or objectionable odors to be produced in or permeate from or throughout the Premises. The foregoing notwithstanding, Tenant shall have the right to use a microwave and to heat microwavable items typically heated in an office. No hot plates, toasters, toaster ovens or similar open element cooking apparatus shall be permitted in the Premises.

14. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Project shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills.

15. Each tenant must, upon the termination of his tenancy, give to Landlord all keys and key cards of stores, offices, or toilets or toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such tenant shall pay Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

16. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Project or its desirability as an office building and upon written notice from Landlord, tenant shall refrain from and discontinue such advertising.

17. Each tenant shall be responsible for all persons for whom it requests after-hours access and shall be liable to Landlord for all acts of such persons. Landlord shall have the right from time to time to establish reasonable rules pertaining to freight elevator usage, including the allocation and reservation of such usage for tenants' initial move-in to their premises, and final departure therefrom.

18. Any person employed by any tenant to do janitorial work shall, while in the Project and outside of the Premises, be subject to and under the control and direction of the Office of the Project or its designated representative such as security personnel (but not as an agent or servant of Landlord, and the Tenant shall be responsible for all acts of such persons).

19. All doors opening on to public corridors shall be kept closed, except when being used for ingress and egress. Tenant shall cooperate and comply with any reasonable safety or security programs, including fire drills and air raid drills, and the appointment of "fire wardens" developed by Landlord for the Project, or required by law. Before leaving the Premises unattended, Tenant shall close and securely lock all doors or other means of entry to the Premises and shut off all lights and water faucets in the Premises.

20. The requirements of tenants will be attended to only upon application to the Office of the Project.

21. Canvassing, soliciting and peddling in the Project are prohibited and each tenant shall cooperate to prevent the same.

22. All office equipment of any electrical or mechanical nature shall be placed by tenants in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise or annoyance.

23. No air-conditioning unit or other similar apparatus shall be installed or used by any tenant without the prior written consent of Landlord. Tenant shall pay the cost of all electricity used for air-conditioning in the Premises if such electrical consumption exceeds normal office requirements, regardless of whether additional apparatus is installed pursuant to the preceding sentence.

24. There shall not be used in any space, or in the public halls of the Project, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards.

25. The Project is a non-smoking Project. Smoking or carrying lighted cigars or cigarettes in the Premises or the Project, including the elevators in the Project, is prohibited.

**EXHIBIT "C"**  
**[INTENTIONALLY DELETED]**

**EXHIBIT "D"**

**NOTICE OF TERM DATES**

Village of Arlington Heights  
1500 West Shure Drive, Suite \_\_\_\_  
Arlington Heights, Illinois 60004

DATE: \_\_\_\_\_

RE: Lease dated March \_\_\_\_, 2017, between YPI Arlington, LLC ("**Landlord**"), and Village of Arlington Heights ("**Tenant**"), concerning Suite \_\_\_\_ and Suite 300, located at 1500 West Shure Drive Arlington Heights, Illinois 60004

Ladies and Gentlemen:

In accordance with the Lease, Landlord wishes to advise and/or confirm the following:

1. That the Premises have been accepted herewith by the Tenant as being substantially complete in accordance with the Lease and that there is no deficiency in construction.
2. That the Tenant has taken possession of the Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence as of \_\_\_\_\_ for a term of twenty-four (24) months ending on \_\_\_\_\_.
3. That in accordance with the Lease, Basic Rental commenced to accrue on \_\_\_\_\_ and shall be payable as follows:

<b>Months of Term</b>	<b>Annual Rate Per Rentable Square Foot</b>	<b>Monthly Basic Rental</b>
	\$17.50	_____*

\* based upon \_\_\_\_ rentable square feet

4. If the Commencement Date of the Lease is other than the first day of the month, the first billing will contain a prorata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in said Lease.
5. Rent is due and payable in advance on the first day of each and every month during the Term of said Lease. Your rent checks should be made payable to YPI Arlington, LLC, c/o Younan Properties, Inc., at 75 Remittance Drive, Suite 6453, Chicago, IL 60675-6453 .
6. The agreed number of rentable square feet constituting the First Floor Premises is \_\_\_\_\_ rentable square feet and the agreed number of rentable square feet constituting the Third Floor Premises is \_\_\_\_\_ rentable square feet.

Sincerely,

\_\_\_\_\_  
Authorized Signatory

**AGREED AND ACCEPTED:**

TENANT:

VILLAGE OF ARLINGTON HEIGHTS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT "E"

### ADDITIONAL PROVISIONS

#### I. OPTION TO RENEW.

Provided that at the time Tenant gives notice of its intent to renew the Lease as set forth below and at the expiration of the initial Term, Tenant is not in Default beyond all applicable notice and cure periods under the Lease, Tenant shall have the option of extending the Term (the "**Option to Renew**") for one (1) renewal term of three (3) months (the "**Renewal Term**") subject to and in accordance with the following terms and conditions: (i) Tenant shall exercise its Option to Renew by giving Landlord written notice (a "**Renewal Notice**") of Tenant's exercise of such Option to Renew no later than forty-five (45) days prior to the expiration of the Term, (ii) the Renewal Term, if any, shall commence on the day immediately following the last day of the initial Term, (iii) the rental rate applicable to the Basic Rental shall remain unchanged during the Renewal Term and (iv) if Tenant does not timely exercise its Option to Renew for the Renewal Term, then the Option to Renew and all of Tenant's rights to renew or extend the initial Term shall automatically terminate and be null and void and of no further force or effect.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION, Tenant's rights pursuant to this Section shall automatically terminate if without the consent of Landlord, Tenant assigns this Lease or any of Tenant's rights under this Lease to any person or entity or Tenant subleases the Premises or any portion thereof to any person or entity.

#### II. TERMINATION OPTION. During the initial Term of this Lease, Tenant shall have the following right to terminate the Lease:

1. Grant of Termination Option. Tenant, at Tenant's option and election, shall have a one-time right to terminate the Lease with respect to the entire Premises then leased by Tenant (but not a portion thereof) (the "**Termination Option**") at any time after fourteen (14) full calendar months following the Commencement Date (the "**Early Termination Date**"), if:
  - (a) on the date of the exercise of the Termination Option and on the Early Termination Date, there is not a Tenant Event of Default under the Lease beyond any applicable notice and cure period;
  - (b) Landlord receives notice of termination ("**Termination Notice**") not less than forty-five (45) days prior to the Early Termination Date;
  - (c) if Tenant fails to timely deliver the Termination Notice, Tenant's exercise of the Termination Option shall be of no force or effect, time being of the essence in delivery of the Termination Notice; and
  - (d) as of the date Tenant provides Landlord with a timely Termination Notice, any unexercised rights or options of Tenant to renew the Lease the Premises shall immediately be deemed terminated and no longer available or of any further force or effect.
2. No Termination Fee. Tenant shall not be required to pay to Landlord any fee for the early termination of this Lease in accordance with the terms of this Article.

#### III. ADDITIONAL TENANT ALTERATIONS.

- A. Alterations. Subject to the terms of Article 9 of the Lease, Tenant shall be permitted to install additional Alterations, including additional security measures, at Tenant's sole cost and expense, including, but not limited to security and wiring of the Building eastern entry, security doors, cameras, entry buzzers and secure telecommunication data and cabling. As long as Tenant is the only Tenant on the third (3<sup>rd</sup>) floor of the Building, Tenant shall be entitled to install and maintain at its sole cost and expense, card access devices for the elevators, restricting access to the third floor (3<sup>rd</sup>) and if a portion of the Unoccupied Portion of the Third Floor of the Building is subsequently leased, Tenant shall be permitted to install such other appropriate security measures, including, but not limited to, locks and entry buzzers. Landlord

agrees not to unreasonably withhold its consent to the installation of a subpanel, submeter or a first floor temporary HVAC system, if required by Tenant.

- B. Emergency Generator. Tenant shall have the right, at Tenant's sole cost and expense, to install one (1) diesel powered emergency electrical generator (the "**Generator**") on a pad (the "**Generator Pad**"), in a location determined by Landlord; provided that (a) Tenant obtains all necessary approvals from all governmental authorities having jurisdiction over Tenant, the Building and the Generator, (b) the Generator and the Generator Pad conform to all applicable laws, rules and regulations of any governmental authorities having jurisdiction over the Generator and/or the Building; and (c) Landlord approves in writing the specific size and type of the Generator and Generator Pad. Notwithstanding the foregoing, Tenant and its contractors shall not have the right to install the Generator (including all necessary conduits and wiring to appropriately connect the Generator to the Premises) or the Generator Pad unless and until Tenant has complied with all of the terms and conditions of Article 9 of the Lease, including, without limitation, approval by Landlord of (a) the final plans for the Generator and Generator Pad, which shall include visual screening and landscaping, if required by Landlord, and (b) the contractors to be retained by Tenant to perform such installation. Tenant, at its sole cost and expense, shall be responsible for the installation of the Generator and Generator Pad, which shall include without limitation, reasonable environmental hazard protection and pollution prevention required by Landlord. In connection with the installation of the Generator, Tenant may also construct and install all necessary conduits and wiring to appropriately connect the Generator to the Premises, provided that Tenant shall not be entitled to more than its pro-rata share of risers in the Building. At the expiration or earlier termination of the Lease, if Tenant has installed the Generator, then in such event it remains the tenant's property and Tenant shall remove the Generator, Generator Pad and all conduits and wiring installed in connection therewith and repair any damage caused by such removal. In the event Tenant installs the Generator and the Generator Pad as permitted hereunder, Tenant shall reimburse Landlord within 30 days after Tenant's receipt of an invoice, for the reasonable costs of landscaping and/or fencing installed by Landlord to screen the Generator from public view, if necessary in Landlord's sole discretion. During the term of the Lease (i) Tenant shall maintain the Generator in first class condition and will obtain and/or maintain, as applicable, all necessary approvals from all governmental authorities having jurisdiction over Tenant, the Building and the Generator, (ii) the Generator shall conform to all applicable laws, rules and regulations of any governmental authorities having jurisdiction over the Generator or the Building, (iii) except for periodic testing, the Emergency Generator (which shall only occur after business hours) shall be used only in the event of an electrical outage at the Building, and (iv) Tenant shall, at Tenant's sole costs and expense, provide to Landlord such riders to the required liability insurance as reasonably required by Landlord to cover liability in connection with the maintenance and operation of the Generator, including coverage for any environmental clean-up occasioned by diesel spills or other environmental hazards arising out of the use of the Generator. Tenant, at its sole cost and expense, shall also maintain the Generator in good and operable condition and shall be responsible for the maintenance, repair, replacement and removal of the Generator, as necessary. In addition, because such Generator will use diesel fuel, the location and all elements of the design, appearance, construction and removal of the fuel tank(s) for such generator will be subject to Landlord's approval, and Tenant shall indemnify Landlord and hold Landlord harmless from and against any and all liability, loss, causes of action, damages, costs and expense (including the expense of remediation of any spill or release of such fuel) related to (in all respects, direct or indirect) the fuel tank(s) for such Generator. Landlord may elect to cause Tenant to remove the fuel tank(s) following the end of the Lease. Further, Tenant shall indemnify and hold Landlord harmless from and against any and all claims, demands, fines, liabilities, costs, expenses, damages and causes of action accruing from or related to the Generator. No third party shall have any right to rely upon the agreement contained herein and no third party shall be a third party beneficiary herein. Tenant agrees to indemnify and hold Landlord harmless from all damages, expenses and attorney's fees incurred by Landlord in defending any action or causes of action from third parties. The provisions hereof shall survive the expiration or termination of the Lease. Notwithstanding the foregoing, Tenant shall have the right to use the existing fifth (5<sup>th</sup>) floor generator subject to the following terms and conditions:

(i) Such generator shall be delivered in "AS IS", "WHERE IS", and "WITH ALL FAULTS" condition;

(ii) Tenant will be solely responsible for maintaining and repairing the generator during the Term of the Lease;

(iii) Tenant will be solely responsible for de-commissioning the generator upon termination of Lease and reconnection the generator to the transfer switch on the fifth (5<sup>th</sup>) floor;

(iv) Use of generator is for standby purposes only; and

(v) Tenant will be responsible connecting the generator to the transfer switch to first (1<sup>st</sup>) and third (3<sup>rd</sup>) floors.

C. Third Floor Stairwell. The stairwell side of the third (3<sup>rd</sup>) floor stairwell door shall remain locked at all times, except when opening and closing such stairwell door; however the office side of the of the third (3<sup>rd</sup>) floor stairwell door shall remain unlocked, but closed at all times, except when entering and exiting stairwell.

IV. Animals. During the term of this Lease Tenant shall be permitted to bring a maximum of 3 fully trained and certified police dogs to the Premises, subject to the following terms and conditions:

A. Animal Access. The canines permitted within the Premises shall enter and leave the Premises through the Building's eastern entry door.

B. Animal Exercise Area. Animals will be walked only in the shaded area identified on Exhibit "A" and labeled ("Animal Exercise Area"). Tenant shall at all times keep the Animal Exercise Area clean and clear of all animal waste. Tenant shall maintain a separate waste container within the area for disposal of such animal waste. Tenant shall dispose of all contents within such container at least once a day unless Landlord determined in its sole discretion that the container requires emptying more often than once a day. Tenant will clean container at least once a day.

C. Indemnification. Tenant shall indemnify and hold Landlord and Landlord Related Parties harmless from all claims, damages, and attorneys' fees incurred arising out of any matter related to Tenant bringing the canines onto the Project.



# **STANDARD OFFICE LEASE**

BY AND BETWEEN

**YPI ARLINGTON, LLC**

a Delaware limited liability company,

AS LANDLORD,

AND

**VILLAGE OF ARLINGTON HEIGHTS**

AS TENANT

**SUITES \_\_\_ and 300**

**1500 West Shure Drive  
Arlington Heights, Illinois 60004**

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