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STATE OF INDIANA
LAKE COUNTY
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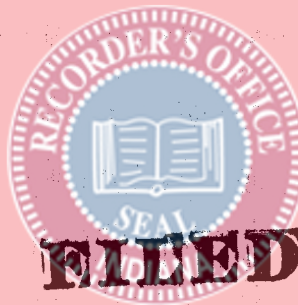
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And
STOP
CITY OF EAST CHICAGO FACILITIES BUILDING CORPORATION



JAN 28 2000

PETER BENJAMIN
LAKE COUNTY AUDITOR

Executed: September 1, 1999

01681

29.50
per
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LEASE

THIS LEASE, entered into this 1st day of September, 1999, between City of East Chicago Facilities Building Corporation, an Indiana nonprofit corporation (hereinafter called "Lessor"), and City of East Chicago, Indiana, a political subdivision of the State of Indiana (hereinafter called "Lessee"),

WITNESSETH THAT:

1. Premises, Term, and Warranty. The Lessor does hereby lease, demise and let to Lessee certain real estate in Lake County, Indiana, more particularly described in Exhibit "A" attached hereto and made a part hereof, and the improvements to be constructed thereon by the Lessor according to plans and specifications dated May, 1998, prepared by Bittner Detella Planera & Paukner, Inc., of East Chicago, Indiana.

The above mentioned plans and specifications may be changed, additional construction work may be performed and equipment may be purchased by the Lessor, but only with the approval of the Lessee, and only if such changes or modifications, additional construction work or equipment do not alter the character of the improvements or reduce the value thereof. Any such additional construction work or equipment shall be property covered by this Lease. The above mentioned plans and specifications have been filed with and approved by the Lessee.

TO HAVE AND TO HOLD the same with all rights, privileges, easements and appurtenances thereunto belonging unto the Lessee, for a term, beginning on the later of (a) the date the improvements above referred to are completed and ready for use and (b) July 5, 2001, and ending on January 5, 2024. The date the improvements are completed and ready for use, shall be endorsed on this Lease at the end hereof by the parties hereto as soon as the same can be done after such completion, and such endorsements shall be recorded as an addendum to this Lease. The Lessor hereby represents that it is possessed of, or will acquire, a good and indefeasible estate in fee simple to the above described real estate, and the Lessor warrants and will defend the same against all claims whatsoever not suffered or caused by the acts or omissions of Lessee or its assigns. Notwithstanding any term of this Lease to the contrary, the Lessee may terminate this Lease without penalty prior to when the Lessor enters in a contract for the sale of its bonds to finance the improvements referred to above.

2. Semi-Annual Rental Payments. The Lessee agrees to pay rental for said premises at the rate of Two Million Four Hundred Twenty-Six Thousand Dollars (\$2,426,000) per year during the term of this Lease. The first rental installment shall be due on the day that the improvements to be constructed on the leased premises are completed and ready for use or January 5, 2002, whichever is later, in an amount which provides for rental at a yearly rate not to exceed that specified above from such date until the first July 5th or January 5th following such date; provided

that the initial semi-annual rental payment due shall be one-half of the full yearly rental or such lesser amount as hereinafter provided; provided, further, that if the improvements to be constructed on the leased premises are not completed and ready for use by January 5, 2002, then the first rental installment shall be due on the later of (a) on the day that the improvements to be constructed on the leased premises are completed and ready for use or (b) July 5, 2002. Thereafter, such rental shall be payable in advance in semi-annual installments of not to exceed one-half of the full yearly rental, on January 5th and July 5th, of each year. The last semi-annual rental payment due before the expiration of this Lease shall be adjusted to provide for rental at the yearly rate specified above from the date such installment is due to the date of the expiration of this Lease. All rentals payable under the terms of this Lease shall be paid by the Lessee to the trustee (the "Trustee") under the Trust Indenture (the "Indenture") securing the bonds or other debt instruments (the "Bonds") to be issued by the Lessor to fund the construction and equipping of the foregoing improvements. All payments so made by the Lessee shall be considered as payment to the Lessor of the rentals payable hereunder.

After the sale by the Lessor of its Bonds to be issued to pay for the cost of said improvements, including the acquisition of the sites thereof and other expenses incidental thereto, the annual rental shall be reduced to an amount equal to the multiple of One Thousand Dollars (\$1,000) next higher than the highest sum of principal and interest due in any year ending on a maturity date of such Bonds, plus an amount up to Eight Thousand Dollars (\$8,000), payable in equal semi-annual installments; provided, however, in the event the first rental payment is due on January 5, 2002, such rental shall be an amount equal to the interest due on the Bonds on January 15, 2002, plus an amount up to Four Thousand Dollars (\$4,000). Such amount of reduced annual rental shall be endorsed on this Lease at the end hereof by the parties hereto as soon as the same can be done after the sale of said Bonds, and such endorsement shall be recorded as an addendum to this Lease.

3. Additional Rental Payments. The Lessee shall pay as further rental for said premises all taxes and assessments, if any, levied against or on account of the leased property or the receipt of lease rental payments. Any and all such payments shall be made and satisfactory evidence of such payments in the form of receipts shall be furnished to the Lessor by the Lessee, at least three (3) days before the last day upon which the same must be paid to avoid delinquency. In case the Lessee shall in good faith desire to contest the validity of any such tax or assessment, and shall so notify the Lessor, and shall furnish bond with surety to the approval of the Lessor conditioned for the payment of the charges so desired to be contested and all damages or loss resulting to the Lessor from the non-payment thereof when due, the Lessee shall not be obligated to pay the same until such contests shall have been determined. The Lessee shall also pay to the Trustee as additional lease rental, any amount required to be rebated by the Lessor to the United States Government pursuant to Section 148 of the Internal Revenue Code of 1986, with respect to its Bonds, or to be set aside for such rebate payment, to the extent that the Trustee does not have funds readily available for such purpose.

4. Abatement of Rent. In the event the improvements to be erected on the leased premises shall be partially or totally destroyed, whether by fire or any other casualty, so as to render the same unfit, in whole or part, for use by the Lessee, it shall then be the obligation of the Lessor to restore and rebuild the improvements as promptly as may be done, unavoidable strikes and other causes beyond the control of the Lessor excepted; provided that the Lessor shall not be obligated to expend on such restoration or rebuilding more than the amount of the proceeds received by the Lessor from the insurance provided for in Section 6 hereof.

If there is in force on the date of such partial or total destruction insurance on the demised premises and the rental value thereof, in accordance with the provisions of Section 6 hereof, the rent shall be abated for the period during which the improvements or any part thereof are unfit for use and shall be in the same proportion that the value of the improvements so unfit bears to the total value of the improvements.

5. Maintenance, Alterations, and Repairs. The Lessee assumes all responsibility for maintenance, repairs and alterations to the improvements to be constructed by the Lessor. No alterations shall be made by the Lessee without first obtaining the written consent of the Lessor, which consent may not be unreasonably withheld. At the end of the term, the Lessee shall deliver the demised premises to the Lessor in as good condition as at the beginning of the term, reasonable wear and tear only excepted. Equipment or other personal property which becomes worn out or obsolete may be discarded or sold by the Lessee. The Lessee need not replace such personal property, but may replace such property at its own expense, which replacement property shall belong to the Lessee. The proceeds of the sale of any personal property covered by the Lease shall be paid to the Trustee. The Lessee may trade in any obsolete or worn out personal property or replacement property and any property acquired as a result of the trade or replacement will become part of the property covered by this Lease.

6. Insurance. The Lessee, at its own expense, will, during the full term of the Lease, keep the demised premises insured against physical loss or damage, however caused, with such exceptions as are ordinarily required by insurers of improvements or facilities of a similar type, in good and responsible insurance companies to the approval of the Lessor. Such insurance shall be in an amount equal to one hundred five percent (105%) of the full replacement cost of the demised premises as certified by a registered architect, registered engineer, or professional appraisal engineer, selected by the Lessor, on the effective date of this Lease and on or before the first day of April of each year thereafter. Such appraisal may be based upon a recognized index of conversion factors. During the full term of this Lease, the Lessee will also, at its own expense, maintain rent or rental value insurance in an amount equal to the full rental value of the demised premises for a period of two (2) years against physical loss or damage of the type insured against pursuant to the preceding requirements of this Section. Such policies shall be for the benefit of persons having an insurable interest in the demised premises, and shall be made payable to the Lessor or to such other person or persons as the Lessor may designate. Such policies shall be countersigned by an agent of the insurer who is a resident of the State of Indiana, and such policies, together with a certificate of the insurance commissioner certifying that the persons countersigning such policies are duly

qualified in the State of Indiana as resident agents of the insurers on whose behalf they may have signed, and the certificate of the architect or engineer hereinbefore referred to shall be deposited with the Lessor. If, at any time the Lessee fails to maintain insurance in accordance with this Section, such insurance may be obtained by the Lessor and the amount paid therefor shall be added to the amount of rental payable by the Lessee under this lease; provided that the Lessor shall be under no obligation to obtain such insurance and any action or inaction of the Lessor in this regard shall not relieve the Lessee of any consequence of its default in failing to obtain such insurance, including its obligation to continue the rental payments in case of total or partial destruction of the improvements as provided in Section 4 hereof.

7. Eminent Domain. If title to or the temporary use of the leased premises, or any part thereof, shall be taken under the exercise or the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, any net proceeds received from any award made in such eminent domain proceedings (after payment of expenses incurred in such collection) shall be paid to and held by the Lessor.

Such proceeds shall be applied in one or more of the following ways:

- (a) The restoration of the leased premises to substantially the same condition as it existed prior to the exercise of said power of eminent domain, or
- (b) The acquisition, by construction or otherwise, of other improvements suitable for the Lessee's operations on the leased premises and which are in furtherance of the purposes of the Lessee (which improvements shall be deemed a part of the leased premises and available for use by the Lessee without the payment of any rent other than as herein provided, to the same extent as if such other improvements were specifically described herein and demised hereby).

Within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the Lessor in writing as to which of the ways specified in this Section the Lessee elects to have the net proceeds of the condemnation award applied. Any balance of the net proceeds of the award in such eminent domain proceedings not required to be applied for the purposes specified in subsections (a) or (b) above shall be deposited by the Lessor in the Sinking Fund held by the Trustee under the Indenture.

The Lessor shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceedings with respect to the leased premises or any part thereof and will to the extent it may lawfully do to permit the Lessee to litigate in any such proceedings in its own name or in the name and on behalf of the Lessor. In no event will the Lessor voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the leased premises or any part thereof without the written consent of the Lessee, which consent shall not be unreasonably withheld.

8. General Covenants. Except as otherwise permitted herein, the Lessee shall not assign this Lease or sublet the demised premises herein described without the written consent of the Lessor. Lessee shall use and maintain the demised premises in accordance with the laws and ordinances of the United States of America, the State of Indiana, and all other proper governmental authorities. The Lessee shall not enter into any lease, management contract, incentive payment contract or other contractual arrangement which would allow the use of any portion of the demised premises in the trade or business of a non-governmental person which would have the effect of making the Lessor's Bonds private activity bonds under Section 141 of the Internal Revenue Code of 1986.

9. Option to Purchase. The Lessor hereby grants to the Lessee the right and option, on any rental payment date, upon written notice to the Lessor, to purchase the demised premises at a price equal to the amount required to enable the Lessor to liquidate by paying all indebtedness, including all premiums payable on the redemption thereof and accrued and unpaid interest and by paying the expenses and charges of liquidation. In no event, however, shall such purchase price exceed the capital actually invested in such property by the Lessor represented by outstanding securities or existing indebtedness plus the cost of transferring the property and liquidating the Lessor corporation. The phrase "capital actually invested" as used herein shall be construed to include, but not by way of limitation, the following amounts expended by the Lessor: organization and incorporation expenses, financing costs, carrying charges, legal fees, architect's fees, contractors' fees and reasonable costs and expenses incidental thereto.

Upon request of the Lessee, the Lessor agrees to furnish an itemized statement setting forth the amounts required to be paid by the Lessee on the next rental payment date in order to purchase the demised premises in accordance with the preceding paragraph. The statement shall also set forth the name of the Trustee under the Indenture securing the outstanding indebtedness of the Lessor.

If the Lessee exercises its option to purchase, it shall pay to the Trustee referred to above that portion of the purchase price which is required to pay all indebtedness of the Lessor, including all premiums payable on the redemption thereof and accrued and unpaid interest. Such payment shall not be made until the Trustee gives to the Lessee a written statement that such amount will be sufficient to retire all outstanding indebtedness of the Lessor secured by the Indenture between the Trustee and the Lessor, including all premiums payable on the redemption thereof and accrued and unpaid interest.

The remainder of such purchase price shall be paid by the Lessee to the Lessor. Nothing herein contained shall be construed to provide that the Lessee shall be under any obligation to purchase the demised premises, or under any obligation in respect to any creditors, shareholders, or security holders of the Lessor.

10. Option to Renew. The Lessor hereby grants to the Lessee the right and option to renew this Lease for a further like, or lesser, term upon the same or like conditions as herein

contained, and the Lessee shall exercise this option by written notice to the Lessor given upon any rental payment date prior to the expiration of this Lease.

11. Defaults. If the Lessee shall default (a) in the payment of any rentals or other sums payable to the Lessor hereunder, or in the payment of any sum herein required to be paid for the Lessor, or (b) in the observance of any other covenant, agreement or condition hereof, and such default shall continue for ninety (90) days after written notice to correct the same; then, in any or either of such events, the Lessor (or the Trustee in the name of the Lessor) may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy; file a claim with the Treasurer of State of Indiana for an amount equal to any amount in default, and may authorize or delegate the authority to file such claim; or without further notice, terminate the estate and interest of the Lessee hereunder, and it shall be lawful for the Lessor forthwith to resume possession of the demised premises and the Lessee covenants to surrender the same forthwith upon demand.

The exercise by the Lessor of the above right to terminate this Lease shall not release the Lessee from the performance of any obligation hereof maturing prior to the Lessor's actual entry into possession. No waiver by the Lessor of any right to terminate this Lease upon any default shall operate to waive such right upon the same or other default subsequently occurring.

12. Continuing Disclosure. If disclosure by the Lessee is reasonably determined by the Lessor to be necessary to permit compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission, the Lessee hereby covenants to enter a continuing disclosure agreement in a reasonable form deemed by the Lessor to be necessary to permit the initial purchaser of the Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Once such a continuing disclosure agreement has been entered into by the Lessee, no later action or inaction thereunder or hereunder shall be deemed to be a breach of this Section.

13. Notices. Whenever either party shall be required to give notice to the other under this Lease, it shall be sufficient service of such notice to deposit the same in the United States mail, in an envelope duly stamped, registered, and addressed to the other party or parties at their last known place of business.

14. Successors or Assigns. All covenants of this Lease, whether by the Lessor or the Lessee, shall be binding upon the successors and assigns of the respective parties hereto.

15. Construction of Covenants. The Lessor was organized for the purpose of constructing and acquiring improvements and leasing the same to the Lessee under the provisions of Indiana Code 36-1-10 and other applicable law (as amended from time to time, collectively the "Act") as provided in the Indenture to be entered into at the time of the issuance of the Bonds. All provisions herein contained shall be construed in accordance with the provisions of said Chapter, and to the extent of inconsistencies, if any, between the covenants and agreements in this Lease and the provisions of said Chapter, the provisions of said Chapter shall be deemed to be controlling and binding upon the Lessor and the Lessee.

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed for and on their behalf the day and year first hereinabove written.

LESSOR

CITY OF EAST CHICAGO FACILITIES
BUILDING CORPORATION

By: *Robert Hoggs*
President Robert Hoggs

(Seal)

Attest:

Ignacio Segura
Secretary
Ignacio Segura

STATE OF INDIANA)

) SS:

COUNTY OF LAKE)

Before me, the undersigned Notary Public in and for said County and State, personally appeared Robert Hoggs and Ignacio Segura personally known to be the President and Secretary, respectively, of the City of East Chicago Facilities Building Corporation, and acknowledged the execution of the foregoing Lease for and on behalf of said entity.

WITNESS my hand and notary seal this 1st day of September, 1999.

Jan 76. EA
Notary Public

My Commission Expires:

5-4-08

My County of Residence:

LAKE

LESSEE

CITY OF EAST CHICAGO, INDIANA

By: Robert Pastrick
Mayor Robert Pastrick

(Seal)

Attest:

Mary Morris Leonard
City Clerk Mary Morris Leonard

STATE OF INDIANA)

COUNTY OF LAKE)

) SS

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the Lake County Recorder!**

Before me, the undersigned Notary Public in and for said County and State, personally appeared Robert Pastrick and Mary Morris Leonard personally known to be the Mayor and City Clerk, respectively, of the City of East Chicago, Indiana, and acknowledged the execution of the foregoing Lease for and on behalf of said Lessee.

WITNESS my hand and notary seal this 1st day of September, 1999.

Notary Public

My Commission Expires:

5-4-08

My County of Residence:

LAKE

This instrument prepared by: Bryan J. Collins, Esq., BINGHAM SUMMERS WELSH & SPILMAN, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.
355093.4

EXHIBIT A

A tract of land lying in the East half of the Northwest Quarter of Section 27, Township 37 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Beginning at a point on the West line of Alder Street, said line being 33.00 feet West of the East line of the Northwest Quarter of said Section 27, which point is 2023.65 feet North of the South line of said Northwest Quarter of Section 27, measured along the West line of Alder Street, extended Southerly; thence North 00 degrees 12 minutes 42 seconds East, along the said West line of Alder Street, a distance of 452.16 feet to the Southwesterly line of Columbus Drive, which is the Southwesterly line of an easement for a public highway, recorded in Deed Record 518, page 453, in the Recorder's Office of Lake County, Indiana; thence along the said Southwesterly line of Columbus Drive on a curve which is concave to the Southwest and which has a radius of 1105.92 feet, a distance of 547.60 feet to a point of tangent on said curve, the said tangent being the South line of Columbus Drive; thence North 88 degrees 18 minutes 46 seconds West, along the said South line of Columbus Drive, a distance of 66.17 feet to a point 33.00 feet East of the centerline of Main Street, extended Southerly, a distance of 64.19 feet to a point of curve; thence Southeasterly along said curve which is concave to the Northeast and which has a radius of 533.95 feet, a distance of 824.98 feet to a point of tangent on said curve; thence South 88 degrees 18 minutes 46 seconds East, along said tangent a distance of 68.20 feet to the point of beginning.



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