

DEPARTMENT OF THE ARMY
LEASE IN FURTHERANCE OF CONVEYANCE
NO. DACA27-1-03-488
UNDER
BASE REALIGNMENT AND CLOSURE
SAVANNA ARMY DEPOT ACTIVITY
SAVANNA, ILLINOIS

THIS LEASE IN FURTHERANCE OF CONVEYANCE (LIFC), hereinafter referred to as Lease made on behalf of the United States, hereinafter referred to as Government, between the SECRETARY OF THE ARMY, hereinafter referred to as the Lessor, and the JO-CARROLL DEPOT LOCAL REDEVELOPMENT AUTHORITY (JCDLRA), hereinafter referred to as the Lessee.

WITNESSETH:

That the Secretary, by the authority of Title 10, United States Code, Section 2667, and for the consideration hereinafter set forth, hereby leases to the Lessee that portion of the Savanna Army Depot Activity (SVDA) property identified in Exhibit A, attached hereto and made a part hereof, hereinafter referred to as the Leased Premises.

THIS Lease is granted subject to the following conditions:

1. AUTHORIZED REPRESENTATIVES

Except as otherwise specifically provided, any reference herein to "Lessor", "Secretary", "Installation Commander's Representative", "District Engineer" or "said officer" shall include their duly authorized representatives. Any reference to "Lessee" shall include any assignees, transferees, successors and their duly authorized representatives.

2. IDENTIFICATION AND USE OF THE LEASED PREMISES.

a. Interim lease #DACA27-1-99-012 between the Army and SVDA (Interim Lease) will be terminated upon the execution of this LIFOC only for those portions of the installation identified in Exhibit A. This termination in no way affects Supplemental Agreement No. 10 to the Interim Lease.

b. Approved Findings of Suitability to Lease (FOSLs) previously provided to the Lessee document the environmental suitability of buildings/land at the SVDA identified in Exhibit A for leasing to the Lessee consistent with Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Section 120(h) and Department Of Defense/Army policy. This Lease is subject to the use restrictions as specified in the Environmental Protection Provisions necessary to protect human health and the environment and to prevent interference with any existing or planned environmental restoration activities, incorporated herein at the condition on ENVIRONMENTAL PROTECTION.

c. The sole purpose(s) for which the Leased Premises may be used, in the absence of prior written approval of the Lessor for any other use, is for the use designated in the approved Reuse Plan covering the Leased Premises, which use of Leased Premises has been evaluated by the Lessor under the National Environmental Policy Act of 1969, 42 U.S.C. 4321 to 4370d (NEPA).

d. Prior to approval of any changes in use requested by the Lessee, the Lessee shall furnish, at Lessee's expense, any additional environmental analyses and documentation deemed necessary by the Lessor to comply with the National Environmental Policy Act of 1969, as amended, and implementing regulations, and other applicable environmental laws and regulations. In granting approval for the change in use, the Lessor reserves the right to impose such additional environmental protection provisions and restrictions as may be required by an associated Finding of Suitability to Lease ("FOSL").

e. During the term of this Lease, the Lessee shall have the use of the water and sanitary sewer utility infrastructures (personal property), in accordance with the terms of this Lease, which personal property shall be deemed to be a part of the Leased Premises until transferred in accordance with the requirements contained in the Memorandum of Agreement executed by the Lessor and Lessee on the 22nd day of August, 2003.

3. TERM

a. Said premises are hereby leased for a period of twenty-five (25) years, beginning September 1, 2003 and ending August 31, 2028, or until terminated under the condition on DEFAULT, TERMINATION, REVOCATION AND RELINQUISHMENT, whichever is sooner.

b. It is the intent of the Lessor and the Lessee that the Lease is utilized to support, and not delay, the transfers of property in fee, as anticipated in the No-Cost EDC MOA.

c. Expansion of Leased Premises. As of the effective date of this Lease, the Leased Premises as set forth in Exhibit A have been identified as suitable for lease in an approved FOSL(s).

d. The Lessee shall have the right to extend the original term of this Lease for one additional period of twenty-five (25) years, provided that, as to the option, Lessee shall give notice to the Lessor of its election to extend such term at least ninety (90) days prior to the time when the existing term expires; that, at the time when such notice is given, there shall not be any uncured event of default on the part of the Lessee and the lease term has not been terminated or revoked by the Lessor under the condition on DEFAULT, TERMINATION, REVOCATION AND RELINQUISHMENT. Notwithstanding the foregoing, in no event will this LIFC continue beyond the time the Government is able to convey title to the subject property to the Lessee pursuant to the terms of the MOA.

4. DEFAULT, TERMINATION, REVOCATION AND RELINQUISHMENT

a. Events of Default.

The following events shall be deemed to be events of default ("Events of Default") by the Lessee under this Lease:

(1) Lessee shall fail to comply with any condition, provision, covenant, or warranty made under this Lease;

(2) Lessee shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors;

(3) Lessee shall file a petition under any Section or Chapter of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any State thereof, or there shall be filed against the Lessee a petition for reorganization for an insolvency or a similar proceeding filed against Lessee;

(4) A receiver or trustee shall be appointed for the Leased Premises or for all or substantially all of the assets of the Lessee;

(5) Lessee shall do or permit to be done, anything, which creates a lien upon the Leased Premises;

(6) If the Lessee fails, following the issuance of a Finding of Suitability to Transfer ("FOST") for all or any portion of the Leased Premises, to accept from the Lessor, pursuant to the terms of the MOA, the conveyance of the portion(s) of the Leased Premises covered by the issued FOST as may be required by the MOA, provided however, that such a default will only affect the rights of the Lessee hereunder with regard to a portion of the Leased Premises covered by said FOST.

b. Termination.

(1) In the event of the Lessor's transfer of the Leased Premises or a portion thereof to the Lessee, the Lease shall terminate upon conveyance of the Leased Premises or a portion thereof to the Lessee with respect to that portion so conveyed, provided however, that as to portions of the Leased Premises not so conveyed, the Lease shall remain in full force and effect, unless terminated in accordance with the provision of the Lease.

(2) The Lease may be terminated by the Lessor upon the occurrence of an Event of Default and the failure of the Lessee to initiate corrective action beyond all applicable notice and cure periods. The Lessee must be notified of any Event of Default, which notice shall be in writing or shall be confirmed in writing, giving a period of time in which to correct the Event of Default, or to initiate the necessary corrective action, which period of time shall not be less than sixty (60) days if (i) such corrective action must be initiated in less than sixty (60) days due to a specific requirement of applicable law or governmental regulation, and (ii) the Lessee receives adequate and reasonable notice of the requirement for such corrective action. Failure to initiate necessary corrective action within the specified time is grounds, at the option, of the Lessor, for closure of all or part of the Leased Premises, temporary suspension of operation, or the termination of the Lease, after notice in writing of such intent as provided in Subsection (4) below.

(3) Remedies of the Lessor. Should the Lessee default as described above, the Lessor may, at its option, following the expiration of applicable notice and cure periods, (i) seek injunctive relief or take any other action permitted by law or in equity, or (ii) take such measures as the Lessor deems reasonable to mitigate the effects of or cure such default, and

charge all costs and expenses so incurred to the Lessee, or (iii) give the Lessee fifteen (15) days written notice of its intention to end the term of this Lease and thereupon at the expiration of those fifteen (15) days the term of this Lease shall expire as completely as if that date were the date definitely fixed in this Lease for the expiration of the Term. Election by the Lessor to pursue one of the remedies set forth herein is not a waiver of other remedies that may be available to the Lessor by law or regulation.

(4) In accordance with the condition on TRANSFERS, ASSIGNMENTS AND SUBLEASING, any sublease is to be subject to the conditions and terms of this Lease; nevertheless, should noncompliance described in subcondition b above stem from the activities of a sublessee, the Lessee is responsible for ensuring compliance, either by corrective action itself or through the sublessee. If the Lessee is making good faith efforts to obtain corrective action and compliance by the sublessee, then closure, or temporary suspension of operation, will only be for that part of the Leased Premises under the control of the sublessee.

(5) This Lease may be terminated or relinquished by the Lessee by giving thirty (30) days prior written notice to the District Engineer in the manner prescribed in the condition on NOTICES.

(a.) If the Lessee shall have made any sublease or mortgage hereunder, the Lessor will accept performance by any sublessee, mortgagee or licensee of the Lessee of any covenant, condition or agreement to be performed under this Lease by the Lessee, with the same force and effect as though performed by the Lessee.

(b.) No default by the Lessee shall be deemed to exist, so long as a sublessee, mortgagee, or licensee of the Lessee, in good faith, has commenced promptly within applicable notice and cure periods to rectify the claimed default and to prosecute the same to completion with due diligence.

(c.) No sublessee, mortgagee, or licensee of the Lessee shall become liable under this Lease except as specifically set forth herein.

5. CONSIDERATION

a. In accordance with the terms and conditions of the application by the Lessee for a No-Cost Economic Development

Conveyance dated April 5, 1999, as amended on January 22, 2003, and approved by the MOA dated 22 August, 2003, the consideration for this Lease is the care, custody, control, operation, protection and maintenance of the Leased Premises by the Lessee for the benefit of the United States and the general public in accordance with the conditions herein set forth.

b. All monies received by the Lessee from operations conducted on the premises including, but not limited to, use fees and rental or other consideration received from its sublessees or licensees, are subject to the reinvestment requirements and annual reporting requirements contained in Article 3 of the MOA executed by the Lessor and Lessee on the 22nd day of August, 2003. The Lessee shall provide an annual statement of receipts and expenditures to the District Engineer. The Lessor shall have the right to perform audits or to require the Lessee to audit the records and accounts of the Lessee, sublessees or licensees, in accordance with auditing standards and procedures promulgated by the American Institute of Certified Public Accountants or by the state, and furnish the Lessor with the results of such an audit.

6. NOTICES

a. All correspondence and notices to be given pursuant to this Lease shall be addressed, if to the Lessee, to the Jo-Carroll Depot Local Redevelopment Authority, having its principal office at 18933 A Street, Savanna, Illinois 61074 and, if to the Government, to the U.S. Army Engineer District, Louisville, Attention: CELRL-RE-C, P.O. Box 59, Louisville, Kentucky 40201-0059, or as may from time to time otherwise be directed by either party. Notices must be given in a properly sealed envelope, addressed as aforesaid, and deposited postage prepaid by either registered mail, return-receipt requested, or by certified mail, return-receipt requested, in a post office regularly maintained by the United States Postal Service. The service of the notice shall be deemed complete upon the receipt of said notice, or the refusal thereof, by the applicable party.

b. All time periods specified in "days" hereunder shall be calculated utilizing calendar days, unless otherwise specified.

7. SUPERVISION OF THE LEASED PREMISES

The use and occupation of the Leased Premises shall be subject to the general supervision and approval of the District Engineer, U.S. Army Engineer District, Louisville, and to such

rules and regulations as may be prescribed from time to time by said officer.

8. APPLICABLE LAWS AND REGULATIONS

a. The Lessee shall comply with all applicable Federal, state, and local laws, ordinances, regulations, permits, and standards that are or may become applicable to its activities on the Leased Premises including, but not limited to, those regarding the environment, construction, health, safety, food service, water supply, sanitation, use of pesticides, and licenses or permits to do business, and shall ensure that all subleases, licensees, and other persons occupying the Leased Premises, excluding an assignee subject to an assumption agreement pursuant to condition 10 hereof, so comply. The Lessee and any sublessee are responsible for obtaining permits required for its operations under the Lease.

b. Additional compliance conditions are included in the condition on ENVIRONMENTAL PROTECTION.

9. CONDITION OF THE LEASED PREMISES

a. The Lessee acknowledges that it has inspected the Leased Premises, knows its condition, and understands that the same is leased in an "as is" "where is" condition, without any representations or warranties whatsoever and without obligation on the part of the United States to make any alterations, repairs, or additions thereto, except as may be specifically provided herein.

b. That prior to acceptance of the Leased Premises for beneficial occupancy, the Lessor and the Lessee have jointly conducted an inventory and condition survey of the Leased Premises, to include the environmental condition. The inventory and condition survey is documented in a Condition Survey report prepared by the Lessor, signed by the duly authorized representatives of both parties, and is on file in the office of the Commander's Representative and a copy provided to the Lessee. The Condition Survey refers to and incorporates by reference the Environmental Baseline Survey (EBS) prepared by the Lessor, as well as any other environmental conditions that may not be specifically identified in the EBS. Preceding expiration, revocation or termination of this Lease, the Lessor and the Lessee will jointly conduct a closeout survey. The Lessor will prepare a closeout report. The Lessee shall fully fund the Lessor for its reasonable costs in preparing the

updated EBS that will document the environmental condition of the property at that time as part of the closeout survey if the Lease expires, is revoked or terminated prior to the conveyance of the Leased Premises to the Lessee. The closeout survey and report will refer to, and incorporate by reference, the updated EBS. All significant variances from the initial Condition Survey shall be clearly documented in the closeout report. This close-out report will constitute the basis for settlement by the parties for any Leased Property shown to be lost, damaged, contaminated, or destroyed during the lease term, in determining any environmental restoration requirements to be completed by the Lessee and restoration of the property as required in the condition on RESTORATION.

c. The Lessee shall furnish, at the Lessee's expense, any additional environmental analysis and documentation deemed necessary by the Lessor to comply with the National Environmental Policy Act of 1969, as amended, and implementing regulations and other applicable environmental laws and regulations, prior to approval of any changes in use.

10. SUBLESSEES AND ASSIGNMENT

a. The Lessee may sublet any portion of the Leased Premises only after the advance written approval of the District Engineer and the SVDA Commander's Representative provided the Lessee remains primarily liable for the performance of all obligations of the Lessee under the Lease, sublease, or license of the Leased Premises, or any part thereof, or any property or buildings thereon. Every sublease shall contain a copy of this lease and the environmental protection provisions set out in the condition on ENVIRONMENTAL PROTECTION and shall state that it is subject to the conditions and terms of this Lease and that, in case of any conflict between the instruments, this Lease will control. The term of any sublease will be no longer than that in the prime lease, so that the expectation of continued tenancy after disposal will not be created.

b. The Lessee may not assign this Lease without the prior written consent of the Lessor. No assignments shall be valid unless the assignee shall, by an instrument in a form sufficient for recording and acceptable to the Lessor, enter into an assumption agreement and assume all of the Lessee's obligations under this Lease. A duplicate original of that assumption agreement will be delivered to the Lessor, and the assignment shall not take effect until delivery is made.

c. The Lessee further agrees that, in the event of an assignment or sublease of the Leased Premises, it shall provide to the United States Environmental Protection Agency (USEPA) and the Illinois Environmental Protection Agency (IEPA) by certified mail a copy of the agreement or sublease of the Leased Premises within 14 days after the effective date of such transaction. The Lessee may delete the financial terms and any other proprietary information from the copy of any agreement or assignment or sublease furnished pursuant to this condition.

11. COST OF UTILITIES/MUNICIPAL SERVICES

No utilities will be provided by the Government. Upon acceptance of facilities for beneficial occupancy and subsequent sublease, Lessee shall require sublessee(s) to obtain required utilities from public/private providers other than the Government. The Lessor shall not be responsible for providing fire, security and HAZMAT emergency services and shall not be responsible for maintenance, including snow removal, of streets and roads that provide access to the Leased Premises.

12. PROTECTION OF PROPERTY

The Lessee shall keep the premises in good order and in a clean, safe condition by and at the expense of the Lessee. The Lessee shall be responsible for any damage that may be caused to property of the United States by the activities of the Lessee and/or its sublessees or licensees under this Lease and shall exercise due diligence in the protection of all property located on the premises against fire or damage from any and all other causes. Any property of the United States damaged or destroyed incident to the exercise of the privileges herein granted, except ordinary wear and tear and demolition or modifications authorized by said officer, shall be promptly repaired or replaced by the Lessee to a condition satisfactory to said officer or, at the election of said officer, reimbursement made therefore by the Lessee in an amount necessary to restore or replace the property, except personal property, to a condition satisfactory to said officer.

13. INSURANCE

a. Upon acceptance of specific properties for beneficial occupancy under this Lease, the Lessee shall obtain or cause to be obtained, from a reputable insurance company or companies, comprehensive liability insurance. The insurance shall provide an amount not less than that which is prudent, reasonable and consistent with sound business practices but no less than ONE

MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), whichever is greater, for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, property damage, or both, suffered or alleged to have been suffered by any person or persons resulting from the operations of the Lessee under the terms of this Lease.

b. The liability insurance policy shall insure the hazards of the Leased Premises and operations conducted in and on the Leased Premises, independent contractors of the Lessee or its sublessee(s), contractual liability (covering the indemnity included in this Lease agreement), and shall name the United States as an insured party. Each policy will provide that any losses shall be payable notwithstanding any act or failure to act or negligence of the Lessee or the Government or any other person; provide that the insurer will have no right of subrogation against the Government; and be reasonably satisfactory to the Lessor in all respects. Under no circumstances will the Lessee be entitled to assign to any third party rights of action that it may have against the United States arising out of this Lease.

c. The Lessee shall require that the insurance company give the District Engineer thirty (30) days written notice of any cancellation or change in such insurance. The District Engineer may require closure of any or all of the Leased Premises during any period for which the Lessee does not have the required insurance coverage. The Lessee shall require its insurance company to furnish the District Engineer a copy of the policy or policies or, if acceptable to the District Engineer, certificates of insurance evidencing the purchase of such insurance. The minimum amount of liability insurance coverage is subject to revision by the District Engineer every two (2) years or upon renewal or modification of this Lease.

d. (1.) Subject to the minimum coverage limits as set forth in this subpart, the Lessee shall procure and maintain at the Lessee's cost a standard fire and extended coverage insurance policy or policies on Building Numbers 1, 2, 9, 10, 11, 12, 13, 14, 17, 20, 21, 22, 23, 24, 25, 26, 29, 43, 44, 45, 46, 47, 48, 50, 51, 52, 53, 54, 55, 57, 58, 100, 101, 102, 104, 106, 114, 115, 117, 121, 122, 123, 124, 127, 128, 132, 134, 140, 141, 145, 146, 147, 200, 201, 227, 233, 234, 245, 246, 247, 249, 252, 255, 268, 276, 504, 507, 711, 729, 742, 802, 806, 807, 810, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, and 928, 933, 1100, 1102, 1103, 1104, Savanna Army Depot Activity, Carroll and Jo Daviess Counties, Illinois. The Lessee shall procure such insurance from a reputable company or

companies. The insurance policy shall provide that in the event of loss thereunder, the proceeds of the policy or policies, at the election of the Lessee, with the consent of the Lessor pursuant to the conditions set forth below, shall be payable to the Lessee to be used for the repair, restoration or replacement of any building damaged or destroyed, and any balance of the proceeds not required for such repair, restoration or replacement shall be paid to the United States. The consent of the Lessor referenced above shall (i) not be unreasonable withheld or delayed, and (ii) be deemed given if the Lessor does not respond in writing to a written request of the Lessee within thirty (30) working days of the Lessor's receipt of such request. If the Lessee does not elect by notice in writing to the insurer within sixty (60) days after the damage or destruction occurs to have the proceeds paid to the Lessee or the Lessor for the purposes hereinabove set forth, then such proceeds shall be paid to the United States provided, however, that the insurer, after payment of any proceeds to the Lessee or the Lessor in accordance with the provisions of the policy or policies, shall have no obligation or liability with respect to the use or disposition of the proceeds by the Lessee or the Lessor. Nothing herein contained shall be construed as an obligation upon the Lessor to repair, restore, or replace any building described in this subpart should it be diminished in value, damaged, or destroyed. In addition, nothing herein contained shall prevent the Lessee, at Lessee's option, from procuring property damage insurance in an amount greater than the minimum coverage limits as established in this subpart. The minimum coverage limits for each referenced building shall be:

Building Number 1 - \$342,443.00;
 Building Number 2 - \$4,500.00;
 Building Number 9 - \$340,006.00;
 Building Number 10 - \$77,720.00;
 Building Number 11 - \$184,262.00;
 Building Number 12 - \$129,057.00;
 Building Number 13 - \$107,050.00;
 Building Number 14 - \$161,439.00;
 Building Number 17 - \$6,192.00;
 Building Number 20 - \$119,441.00;
 Building Number 21 - \$298,680.00;
 Building Number 22 - \$291,549.00;
 Building Number 23 - \$291,549.00;
 Building Number 24 - \$52,443.00;
 Building Number 25 - \$7,968.00;
 Building Number 26 - \$291,602.00;
 Building Number 29 - \$48,008.00;

Building Number 43 - \$2,000.00;
Building Number 44 - \$2,824.00;
Building Number 45 - \$2,824.00;
Building Number 46 - \$2,824.00;
Building Number 47 - \$2,824.00;
Building Number 48 - \$4,864.00;
Building Number 50 - \$80,174.00;
Building Number 51 - \$80,174.00;
Building Number 52 - \$170,199.00;
Building Number 53 - \$153,794.00;
Building Number 54 - \$150,000.00;
Building Number 55 - \$139,552.00;
Building Number 57 - \$153,794.00;
Building Number 58 - \$153,794.00;
Building Number 100 - \$600,000.00;
Building Number 101 - \$5,428.00;
Building Number 102 - \$7,951.00;
Building Number 104 - \$24,542.00;
Building Number 106 - \$39,000.00;
Building Number 114 - \$150,000.00;
Building Number 115 - \$137,904.00;
Building Number 117 - \$219,512.00;
Building Number 121 - \$125,000.00;
Building Number 122 - \$100,000.00;
Building Number 123 - \$75,000.00;
Building Number 124 - \$75,000.00;
Building Number 127 - \$521,891.00;
Building Number 128 - \$12,403.00;
Building Number 132 - \$29,000.00;
Building Number 134 - \$400,000.00;
Building Number 140 - \$2,500,000.00;
Building Number 141 - \$125,000.00;
Building Number 145 - \$100,000.00;
Building Number 146 - \$80,000.00;
Building Number 147 - \$80,000.00;
Building Number 200 - \$65,000.00;
Building Number 201 - \$65,000.00;
Building Number 227 - \$50,000.00;
Building Number 233 - \$25,000.00;
Building Number 234 - \$65,000.00;
Building Number 245 - \$125,000.00;
Building Number 246 - \$125,000.00;
Building Number 247 - \$125,000.00;
Building Number 249 - \$125,000.00;
Building Number 252 - \$150,000.00;
Building Number 255 - \$300,000.00;
Building Number 268 - \$35,794.00;

Building Number 276 - \$75,000.00;
Building Number 504 - \$267,101.00;
Building Number 507 - \$75,000.00;
Building Number 711 - \$150,000.00;
Building Number 729 - \$129,408.00;
Building Number 742 - \$150,000.00;
Building Number 802 - \$38,080.00;
Building Number 806 - \$50,000.00;
Building Number 807 - \$150,000.00;
Building Number 810 - \$100,000.00;
Building Number 908 - \$279,235.00;
Building Number 909 - \$279,235.00;
Building Number 910 - \$279,235.00;
Building Number 911 - \$279,235.00;
Building Number 912 - \$279,235.00;
Building Number 913 - \$279,235.00;
Building Number 914 - \$279,235.00;
Building Number 915 - \$279,235.00;
Building Number 916 - \$279,235.00;
Building Number 917 - \$279,235.00;
Building Number 918 - \$279,235.00;
Building Number 919 - \$279,235.00;
Building Number 920 - \$279,235.00;
Building Number 921 - \$279,235.00;
Building Number 928 - \$72,803.00;
Building Number 933 - \$150,000.00;
Building Number 1100 - \$125,000.00;
Building Number 1102 - \$15,000.00;
Building Number 1103 - \$15,000.00; and
Building Number 1104 - \$15,000.00.

The Lessee shall require that the insurance company/ companies give the Lessor, acting by and through the District Engineer, thirty (30) days written notice of any cancellation or change in such insurance. The Lessor may require closure of any or all of the buildings described in this subpart during any period for which the Lessee does not have the required insurance coverage. The Lessee shall require its insurance company/companies to furnish to the Lessor a copy of the policy or policies, or if acceptable to the Lessor, certificates of insurance evidencing the purchase of such insurance. The minimum coverage limits as set forth in this subpart are subject to revision by the Lessor, with the consent of the Lessee, every two (2) years or upon renewal or modification of this Lease. The two (2) year period referred to herein shall commence upon the execution and delivery of this Supplemental Lease Agreement.

(2.) Subject to the conditions as set forth in this subpart, the Lessee shall not be required to procure standard fire and extended coverage insurance on Building Numbers 3, 18, 19, 103, 107, 108, 109, 110, 111, 112, 113, 116, 118, 119, 120, 125, 126, 129, 131, 133, 135, 137, 138, 150, 160, 202, 203, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 228, 229, 231, 232, 235, 243, 256, 262, 263, 264, 265, 266, 267, 275, 300, 303, 402, 405, 406, 407, 408, 409, 410, 412, 413, 414, 418, 419, 421, 422, 423, 424, 427, 428, 429, 500, 501, 503, 508, 509, 510, 511, 600, 616, 645, 700, 702, 703, 704, 705, 706, 707, 708, 709, 710, 713, 714, 720, 722, 724, 726, 727, 731, 732, 733, 734, 735, 736, 737, 738, 739, 744, 745, 747, 748, 749, 750, 751, 753, 754, 755, 756, 759, 760, 761, 762, 763, 764, 765, 767, 768, 769, 770, 771, 773, 774, 775, 776, 800, 803, 806, 808, 809, 812, 922, 923, 924, 925, 926, 927, 931, 932, 938, 939, 949, 960, 1000, 1001, 1002, 1013, 1014, 1019, 1020, 1022, 1026, 1028, 1101, and 2002, Savanna Army Depot Activity, Carroll and Jo Daviess Counties, Illinois and Ammunition Storage Facility Numbers A101, A102, A103, A104, A105, A201, A202, A203, A204, A205, A206, A301, A302, A303, A304, A305, A306, A401, A402, A403, A404, A405, A406, A501, A502, A503, A504, A505, A601, A602, A603, A604, A605, A606, A701, A702, A703, A704, A705, A801, A802, A803, A804, A805, A901, A902, A903, A904, A1001, A1002, A1003, A1004, A1101, A1102, A1103, A1104, A1105, A1106, A1201, A1202, A1203, A1204, A1205, A1206, A1301, A1302, A1303, A1304, A1305, A1306, A1401, A1402, A1403, A1404, A1405, A1501, A1502, A1503, A1504, A1505, A1506, A1601, A1602, A1603, A1604, A1605, A1606, A1607, A1608, A1609, A1610, A1611, A1612, A1613, A1614, A1701, A1702, A1703, A1704, D101, D102, D103, D104, D105, D106, D107, D108, D109, D110, D111, D112, D201, D202, D203, D204, D205, D206, D207, D208, D209, D210, D211, D212, D301, D302, J208, J301, J302, J303, J304, J305, J306, J307, J401, J402, J403, J404, J501, J502, J503, J504, J505, J506, J601, J602, J603, J604, J605, J606, J607, J608, J609, J610, J611, J612, and J613, Savanna Army Depot Activity, Carroll and Jo Daviess Counties, Illinois. The referenced conditions are as follows:

(i.) In the event that any building/facility described in this subpart is destroyed or damaged beyond repair from any cause whatsoever, the Lessee shall demolish the building/facility; remove all demolition debris from the building/facility site; and restore the building/facility site. Restoration shall be completed within three (3) months of the destruction or damage and shall include, but shall not be limited to, removing the foundation including any basement if such removal, in the opinion of the Lessee, is required for future redevelopment; filling any basement space with compacted

soil; relocating/reconfiguring utility services; leveling the surface to surrounding grade with topsoil sufficient to support native grasses; fertilizing; seeding; and applying straw and all necessary water. All building/facility demolition, debris removal, and site restoration costs shall be the full responsibility of the Lessee. In addition, the Lessee shall comply with all applicable federal, state, and local laws, rules, and regulations when conducting any building/facility demolition, debris removal, and site restoration action; and

(ii.) Nothing herein contained shall be construed as an obligation upon the Lessor to repair, restore, or replace any building/facility described in this subpart.

e. The Lessee may require any sublessees, assignees, transferees, or successors, as joint and several responsible parties with the Lessee for those portions of the Leased Premises under their control, to maintain and carry at their expense the insurance requirement.

14. RIGHT TO ENTER

a. The right is reserved to the Government, its officers, agents, and employees, upon 24-hour notice during normal business hours, to enter upon the Leased Premises at any time and for any purpose necessary or convenient in connection with administration of this lease to make inspections and to make any use of the lands as may be necessary in connection with government purposes, including, inter alia, environmental restoration and safety related actions, consistent with the terms of this Lease, and the Lessee shall have no claim for damages on account thereof against the United States or any officer, agent, or employee thereof, except for such damages as may be caused by the gross negligence or willful misconduct of the Lessor, or any agent or employee thereof.

b. Additional rights to enter are reserved in the condition on ENVIRONMENTAL PROTECTION.

15. HOLD HARMLESS AND INDEMNITY

a. The Lessee agrees to assume all risks of loss or damage to property and injury or death to persons by reason of or incident attributable or incident to the condition or state of repair of the Leased Premises or to its possession and/or use of the Leased Premises or the activities conducted under this Lease. The Lessee expressly waives all claims against the

Government for any such loss, damage, personal injury or death caused by or occurring as a consequence of such condition, possession and/or use of the Leased Premises by the Lessee, or the conduct of activities or the performance of responsibilities under this lease by the Lessee. The Lessee further agrees to indemnify and hold harmless the United States of America, the Army, its officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorneys' fees arising out of, or in any manner predicated upon, personal injury, death or property damage resulting from, related to, caused by or arising out of the possession and/or use of the Leased Premises by the Lessee. The Government will give the Lessee notice of any claim against it covered by this indemnity as soon after learning of such claim as practicable.

b. The Lessee shall indemnify and hold harmless the United States of America from any costs, expenses, liabilities, fines, or penalties resulting from discharges, releases, emissions, spills, storage, disposal, or any other action to the extent caused by the Lessee giving rise to United States of America liability, civil or criminal, or responsibility under Federal, state or local environmental laws.

c. Subconditions a. and b. of this condition and the obligations of the Lessee hereunder shall survive the expiration or termination of the Lease and the conveyance of the Leased Premises. The Lessee's obligation hereunder shall apply whenever the United States incurs costs or liabilities for the Lessee's actions giving rise to liability under this condition.

d. In leasing the Leased Premises, the United States recognizes its obligation to hold harmless, defend, and indemnify the Lessee and any successor, assignee, transferee, lender, or sublessee of the Lessee as provided for in Section 330 of the Department of Defense Authorization Act of 1993, as amended, and to otherwise meet its obligations under the law.

e. All sublessees, assignees, transferees, or successors shall be jointly and severally responsible with the Lessee for those portions of the Leased Premises under their control.

16. IMPROVEMENTS TO LEASED PREMISES

a. The Lessee, its sublessees, licensees, assignees, and successors shall have the right to make improvements to the Leased Premises, which improvements may include, without limitation, improvements to existing buildings, and the

construction of new buildings and facilities, or the demolition of existing buildings or facilities, provided that:

(i) The Lessee receives prior written approval of the Lessor, acting by and through the Commander's Representative and/or the District Engineer, for said improvements, which approval shall not be unreasonably withheld or delayed,

(ii) Consent for improvements to the Leased Premises which may materially adversely affect the environmental cleanup of the Leased Premises, or human health or the environment may include a requirement to provide the Lessor with a performance and payment bond satisfactory to the Lessor in all respects and such other reasonable requirements deemed necessary to protect the interests of the Lessor,

(iii) Said improvements are undertaken or constructed in a good and workmanlike manner and in accordance with all requirements of applicable state and local ordinances and with the rules, regulations and requirements of all departments, boards, bureaus, officials and authorities having jurisdiction thereover,

(iv) Said improvements are not undertaken until the requirements hereto regarding historic properties and archeological sites have been complied with, and

(v) Said improvements will not preclude use of the Leased Premises for purposes anticipated by disposal-related documentation prepared to satisfy the requirement of the National Environmental Policy Act of 1969, or by the Reuse Plan. All necessary permits for such improvements shall be obtained by the Lessee. The Lessor agrees to cooperate with the Lessee and to execute any documents of permits reasonably required for the undertaking by the Lessee of any such improvements, provided that the Lessee shall discharge any expense or liability of the Lessor in connection therewith.

b. The Lessee shall provide to the Lessor, at the Lessee's expense, upon receipt thereof by the Lessee, copies of all permits, certificates of occupancy, and other approvals, including copies of all plans submitted in connection therewith, obtained from governmental authorities in connection with the construction, use and occupancy of such building or improvement.

c. The improvements to the Leased premises made under this condition shall become the property of the Lessor unless the

Leased Premises, or portions thereof, are conveyed to the Lessee.

d. The Lessor's grant of consent under this condition shall not singularly relieve the Lessee of its indemnification obligations under this condition with regard to the subject matter of said grant of consent.

17. RESTORATION

On or before the expiration of this Lease or its termination by the Lessee, the Lessee shall vacate the Leased Premises, remove the property of the Lessee, and restore the Leased Premises to the same or better condition as at the inception of this Lease, fair wear and tear, approved alterations and improvements hereunder, and casualties covered by insurance, excepted. If the Lease is terminated due to the conveyance of the property to the Lessee, no restoration is required. If, however, this Lease is revoked, the Lessee shall vacate the premises, remove said property and restore the premises to the aforesaid condition within such reasonable time as the District Engineer may designate. In either event, if the Lessee shall fail or neglect to remove said property and restore the premises, then, at the option of the District Engineer, the property shall either become the property of the United States without compensation therefor, or the District Engineer may cause the property to be removed and no claim for damages against the United States or its officers or agents shall be created by or made on account of such removal and restoration work. The Lessee shall also pay the Government on demand any sum that may be expended by the Government after the expiration, revocation, or termination of this Lease in restoring the premises.

18. NON-DISCRIMINATION

a. The Lessee shall not discriminate against any person or persons or exclude them from participation in the Lessee's operations, programs or activities conducted on the Leased Premises because of race, color, religion, sex, age, handicap, or national origin.

b. The Lessee, by acceptance of this Lease, is receiving a type of Federal assistance and, therefore, hereby gives assurance that it will comply with the provisions of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000d); the Age Discrimination Act of 1975 (42 U.S.C. § 6102); the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794); and

all requirements imposed by or pursuant to the Directive of the Department of Defense issued as Department of Defense Directives 5500.11 and 1020.1 and Army Regulation 600-7. This assurance shall be binding on the Lessee, its agents, successors, transferees, sublessees and assignees.

19. SUBJECT TO EASEMENTS

This Lease is subject to all existing easements of record or apparent, or those subsequently granted, as well as established access routes for roadways and utilities located, or to be located, on the premises, provided that the proposed grant of any new easement or route will be coordinated with the Lessee. Easements will not be granted which will, in the opinion of the District Engineer, in consultation with the Lessee, interfere with the use of the premises by the Lessee.

20. SUBJECT TO MINERAL INTERESTS

This Lease is subject to all outstanding mineral interests. As to federally owned mineral interests, it is understood that they may be included in present or future mineral leases issued by the Bureau of Land Management (BLM) which has responsibility for mineral development on federal lands. The Lessor will provide lease stipulations to BLM for inclusion in said mineral leases that are designed to protect the premises from activities that would interfere with the lessee's operations or would be contrary to local law.

21. PROHIBITED USES

a. The Lessee shall not permit or use the premises or permit them to be used for any illegal business or purpose under existing law. There shall not be conducted on or permitted upon the premises any activity which would constitute a nuisance.

b. In accordance with state and local laws and regulations, the Lessee may sell, store, or dispense, or permit the sale, storage, or dispensing of beer, malt beverages, light wines or other intoxicating beverages on the premises in those facilities where such service is customarily found. Bar facilities will only be permitted if offered in connection with other approved activities. Advertising of such beverages outside of buildings is not permitted. Carry-out package sales of hard liquor are prohibited.

22. WASTE OF NATURAL RESOURCES

The Lessee shall not (i) cut timber, (ii) conduct mining operations, or (iii) remove sand, gravel, or kindred substances from the ground for commercial purposes not consistent with uses of Leased Premises permitted hereunder, except as authorized in writing by the District Engineer. Furthermore, the Lessee shall not substantially change the contour or condition of the premises except as authorized in writing by the District Engineer.

23. DISPUTES CLAUSE

a. Except as provided in the Contract Disputes Act of 1978(41 U.S.C. 601-613) (the Act), all disputes arising under or relating to this Lease shall be resolved under this clause and the provisions of the Act.

b. "Claim", as used in this clause, means a written demand or written assertion by the Lessee seeking, as a matter of right, the payment of money in a sum certain, the adjustment of interpretation of lease terms, or other relief arising under or relating to this Lease. A claim arising under this Lease, unlike a claim relating to this Lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the Lessee. However, a written demand or written assertion by the Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph c.(2) below. The routine request for rental payments that is not in dispute is not a claim under the Act. The request may be converted to a claim under the Act, by this clause, if it is disputed either as a liability or amount or is not acted upon in a reasonable time.

c. (1) A claim by the Lessee shall be made in writing and submitted to the District Engineer for a written decision. A claim by the Government against the Lessee shall be subject to a written decision by the Contracting Officer.

(2) For Lessee claims exceeding \$100,000, the Lessee shall submit with the claim a certification that--

(i) the claim is made in good faith; and

(ii) supporting data are accurate and complete to the best of the Lessee's knowledge and belief; and

(iii) the amount requested accurately reflects the Lease adjustment for which the Lessee believes the Government is liable; and

(3) The certification shall be executed by the duly authorized representative of the Lessee.

d. For Lessee claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Lessee, render a decision within 60 days of the request. For Lessee-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Lessee of the date by which the decision will be made.

e. The Contracting Officer's decision shall be final unless the Lessee appeals or files a suit as provided in the Act.

f. At the time a claim by the Lessee is submitted to the Contracting Officer or a claim by the Government is presented to the Lessee, the parties, by mutual consent, may agree to use alternative means of dispute resolution. When using alternate dispute resolution procedures, any claim, regardless of amount, shall be accompanied by the certificate described in paragraph c (2) of this clause, and executed in accordance with paragraph c (3) of this clause.

g. The Government shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (properly certified if required) or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate fixed by the Secretary of the Treasury, as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

h. The Lessee shall proceed diligently with the performance of the Lease, pending final resolution of any request for relief, claim, or action arising under the Lease, and comply with any decision of the Contracting Officer.

24. ENVIRONMENTAL PROTECTION

a. The Lessee and any sublessee shall be solely responsible for obtaining at its cost and expense any

environmental permits required for its operations under the lease, independent of any existing permits.

b. The Lessor's rights under this lease specifically include the right for the Government, upon reasonable notice, to inspect the Leased Premises for compliance with environmental, safety, and occupational health laws and regulations, whether or not the Lessor is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. The Government normally will give the Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter the Leased Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, or contractor thereof.

c. The Lessor acknowledges that SVDA has been identified as a National Priority List (NPL) Site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, as amended. The Lessee acknowledges that the Lessor has provided it with a copy of the SVDA Federal Facility Agreement (FFA) entered into by the United States Environmental Protection Agency (USEPA) Region V, the State of Illinois, and the Department of the Army, effective January 1990, and will provide the Lessee with a copy of any amendments thereto. The Lessee agrees that should any conflict arise between the terms of such agreement as it presently exists or may be amended (FFA, Interagency Agreement or IAG) and the provisions of this lease, the terms of the FFA or IAG will take precedence. The Lessee further agrees that, notwithstanding any other provisions of the lease, the Lessor assumes no liability to the Lessee or its sublessees or licensees should implementation of the FFA interfere with the Lessee's or any sublessee's or licensee's use of the Leased Premises. The Lessor shall, however, to the extent practicable and without significant additional cost to the Lessor, use its best efforts to minimize any such interference. The Lessee shall have no claim solely on account of any such interference against the Lessor or any officer, agent, employee or contractor thereof.

d. The Lessor, USEPA, the IEPA and their officers, agents, employees, contractors, and subcontractors have the right, upon at least twenty-four (24) hours notice to the Lessee and any sublessee unless the Lessor determines the entry is required for safety, environmental, operational or security purposes, to enter upon the Leased Premises for the purposes enumerated in

these subparagraphs and for such other purposes consistent with any provision of the FFA:

(1) to conduct investigations and surveys including, where necessary, materials sampling, wipe sampling, drilling, soil and water sampling, test pitting, testing soil borings and other activities related to the FFA;

(2) to inspect field activities of the Lessor and its employees, agents, contractors and subcontractors in implementing the FFA;

(3) to conduct any test or survey relating to the implementation of the FFA or environmental conditions at the Leased Premises, or to verify any data submitted to the USEPA or Illinois EPA by the Lessor relating to such conditions;

(4) to construct, operate, maintain or undertake any other response or remedial action, as required or necessary under the FFA, including, but not limited to monitoring wells, pumping wells, and treatment facilities;

(5) to conduct Environmental Compliance Assessment System Surveys (ECAS);

provided that the Leased Premises are reasonably restored, upon completion of the work in Condition No. 24d, (1) through (5) above, to a condition that allows for a continuation of the use of the Leased Premises, or a substantial portion thereof, for the same purposes the Leased Premises were being used prior to the entrance, subject to the availability of appropriated funds, and said restoration being commercially and economically practicable.

e. The Lessee and any sublessee shall comply with the provisions of any health and safety plan in effect under the FFA during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by the Lessee and any sublessee. The Lessee and any sublessee shall have no claim on account of the Lessor's exercise of its rights in accordance with subcondition d. above against the Lessor or any officer, agent, employee, contractor, or subcontractor thereof. In addition, the Lessee and any sublessee shall comply with all applicable federal, state, and local occupational safety health regulations.

f. The Lessee shall not use the Leased Premises for the storage, treatment or disposal of hazardous or toxic materials, as defined in 10 U.S.C. 2692, unless authorized under 10 U.S.C. 2692 and properly approved by the Government.

g. The Lessee or its sublessees shall comply with the hazardous waste requirements under the Resource Conservation and Recovery Act (RCRA), or its Illinois equivalent, and any other applicable laws, rules or regulations. Except as specifically authorized by the Lessor in writing, the Lessee must provide at its own expense hazardous waste management facilities, including storage, treatment or disposal facilities, complying with all laws and regulations. Hazardous waste management facilities of the Lessor will not be available to the Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this lease.

h. SVDA accumulation points for hazardous and other wastes will not be used by the Lessee or any sublessee. Neither will the Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of the Lessor.

i. The Lessee shall prepare and maintain a government-approved plan for responding to hazardous waste, fuel, and other chemical spills prior to commencement of operations on the Leased Premises. The Lessee plan may be developed in phases as sublease activities are identified. Sublessees shall provide to the Lessee a plan to cover their activities and portion of the Leased Premises prior to commencement of operations on the subleased portion, which will be incorporated by the Lessee into the overall plan.

j. The Lessee shall not construct or make or permit its sublessees or assigns to construct or make any alterations, additions, or improvements to, or installations upon, or otherwise modify or alter the Leased Premises in any way which may adversely affect the SVDA environmental program, environmental cleanup, human health, or the environment.

k. The Lessee shall not conduct or permit its sublessees to conduct any subsurface excavation, digging, drilling or other material disturbance of the surface without the prior written approval of the District Engineer, acting by and through the Commander's Representative, which approval shall not be unreasonably withheld or delayed. Such approval may include requirements regarding the disposal of excavated soil.

l. The Lessee shall not have access to the groundwater or use groundwater underlying the property for any purpose without the prior written approval of the Lessor.

m. The Lessee is notified of the potential for the presence of rodent, bat and bird droppings on the property. The Lessee is advised to consult the health department or other applicable health officials/certified consultants prior to exposing its employees to these conditions. Droppings may carry or be related to infection from the Hanta Virus.

n. The Lessee has received the technical environmental reports, including the "Environmental Baseline Survey, Savanna Army Depot Activity, Illinois, dated May 1999"; and the three (3) FOSLs for the property dated October 1998, November 1999, November 2000; and the Archive Search Report dated March 1999 prepared by the Government and agrees, to the best of the Lessee's knowledge, that they accurately describe the environmental condition of the Leased Premises. The Lessee accepts the physical condition and current level of environmental hazards on the property and deems the Leased Premises to be safe for the Lessee's intended use.

o. If an actual or threatened release of a hazardous substance or petroleum product is discovered on the Leased Premises after the date of the conveyance, whether or not such substance was set forth in the technical environmental reports, including the EBS, the Lessee shall notify the Lessor of such release or newly discovered substance. The Lessee shall be responsible for such release or newly discovered substance if it was due to activities, use or occupation of the Leased Premises by the Lessee or any sublessees, licensees or other parties under the control of the Lessee. If it is determined that a release of or a newly discovered substance was due to Lessor activities, the Lessee will grant the Government, USEPA and IEPA access to perform all required remediation activities. In addition, the Lessee shall not, through construction or operation/maintenance activities, interfere with any remediation or response action conducted by the Government under this paragraph.

p. The Lessee is advised that environmental investigation, remediation or any like activity by the Lessor or its contractors takes precedence over all lease and/or reuse activities on Government property.

q. The Lessee is hereby notified that environmental sampling has identified elevated levels of lead in the soil

around barracks and troop buildings (numbered 202, 203, 204, 206, 208, 210, 212, 214, 216, 218, 220, 222, 224, 226, 227, 229, 231 and 233). Even though the exterior surfaces of buildings 244, 245, 246, 247, 249 and 255 were replaced with siding in the recent past, due to their age and similarity to the other buildings in that area, it is likely that the same levels of lead are present in the soil also. Dust-creating activities are prohibited due to the presence of lead-based paint chips in the soil.

r. The Lessee is hereby notified that the property immediately west of buildings 146 and 147 is a known contaminated area that contains small arms ammunition, elevated levels of heavy metals, and was the impact area for mortar and fuse impact testing during the first mission of the depot.

s. The Lessee is hereby notified that land adjacent to buildings 612, 645, 701, 704, 711, 729, and 742 may contain residual explosives from past plant operations.

t. The Lessee is hereby notified that the property located in the CF (700), CL (600) loading plant areas and immediately west and south of Buildings 133, 135, 146 and 147 in Parcel 5 are known contaminated areas that contain either small arms ammunition or elevated levels of heavy metals. This was the impact area for ordnance testing and may contain residual explosives from past operations.

u. Use of property outside the Leased Premises is prohibited. Employees and agents of the Lessee shall be advised of the potential dangers existing on adjacent parcels.

25. HAZARDOUS SUBSTANCES NOTICE

To the extent such information is available on the basis of a complete search of Department of Defense files, notice regarding hazardous substances stored for one year or more or known to have been released or disposed of on the Leased Premises is provided in the Condition Survey and the EBS.

26. LEAD-BASED PAINT WARNING AND COVENANT

a. The Lessee is hereby informed and does acknowledge that all buildings on the Leased Premises, which were constructed or rehabilitated prior to 1978, are presumed to contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Every purchaser of any interest in Residential Real Property on which a residential dwelling was

built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in Residential Real Property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. "Residential Real Property" means dwelling units, common areas, building exterior surfaces, and any surrounding land, including outbuildings, fences and play equipment affixed to the land, available for use by residents; and, buildings visited regularly by the same child, 6 years of age or under, on at least two different days within any week, including day-care centers, preschools and kindergarten classrooms; but, not including land used for agricultural, commercial, industrial, or other non-residential purposes, and not including paint on the pavement of parking lots, garages, or roadways.

b. Available information concerning known lead-based paint and/or lead-based paint hazards, the location of lead-based paint and/or lead-based paint hazards, and the condition of painted surfaces is contained in the Environmental Baseline Survey, which has been provided to the Lessee. All purchasers must receive the federally approved pamphlet on lead poisoning prevention. The Lessee hereby acknowledges receipt of all of the information described in this subparagraph.

c. The Lessee acknowledges that it has received the opportunity to conduct its own risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

d. The Lessee covenants and agrees that it shall not permit the occupancy or use of any buildings or structures on the Leased Premises as Residential Real Property, as defined in paragraph a. above, without complying with this section and all applicable federal, state, and local laws and regulations pertaining to lead-based paint and/or lead-based paint hazards. Prior to permitting the occupancy of the Leased Premises where its use subsequent to sale is intended for residential habitation, the Lessee specifically agrees to perform, at its sole expense, the Army's abatement requirements under Title X of the Housing and Community Development Act of 1992 (Residential Lead-Based Paint Hazard Reduction Act of 1992) (hereinafter Title X).

The Lessee shall, after consideration of the guidelines and regulations established pursuant to Title X: (1) Perform a Risk Assessment if more than 12 months have elapsed since the date of the last Risk Assessment; (2) Comply with the joint Housing and Urban Development (HUD) and Environmental Protection Agency (EPA) Disclosure Rule (24 CFR 35, Subpart A, 40 CFR 745, Subpart F), when applicable, by disclosing to prospective purchasers the known presence of lead-based paint and/or lead-based paint hazards as determined by previous risk assessments; (3) Abate lead dust and lead-based paint hazards in pre-1960 Residential Real Property, as defined in paragraph a. above, in accordance with the procedures in 24 CFR 35; (4) Abate soil-lead hazards in pre-1978 Residential Real Property, as defined in paragraph a. above, in accordance with the procedures in 24 CFR 35; (5) Abate lead-soil hazards following demolition and redevelopment of structures in areas that will be developed as Residential Real Property; (6) Comply with the EPA lead-based paint work standards when conducting lead-based paint activities (40 CFR 745, Subpart L); (7) Perform the activities described in this paragraph within 12 months of the date of the lead-based paint risk assessment and prior to occupancy or use of the Residential Real Property; and (8) Send a copy of the clearance documentation to the Lessor.

In complying with these requirements, the Lessee covenants and agrees to be responsible for any abatement or remediation of lead-based paint or lead-based paint hazards on the Leased Premises found to be necessary as a result of the subsequent use of the Leased Premises for residential purposes. The Lessee covenants and agrees to comply with solid or hazardous waste laws that may apply to any waste that may be generated during the course of lead-based paint abatement activities.

e. The Lessee further agrees to indemnify and hold harmless the Army, its officers, agents and employees, from and against all suits, claims, demands, or actions, liabilities, judgments, costs and attorney's fees arising out of, or in a manner predicated upon personal injury, death or property damage resulting from, related to, caused by or arising out of lead-based paint or lead-based paint hazards on the Leased Premises if used for residential purposes. The Lessee, its successors and assigns, assume no liability for damages for personal injury, illness, disability, death or property damage, or indemnification obligations hereunder, arising from any exposure or failure to comply with any legal requirements applicable to lead based paint on any portion of the Property arising prior to the Army's conveyance or lease (i.e., Interim Lease executed by and between

the Lessor and Lessee executed on 15 December 1998) of such portion of the Property to the Authority.

f. The covenants, restrictions, and requirements of this Section shall be binding upon the Lessee, its successors and assigns and all future owners and shall be deemed to run with the land. The Lessee on behalf of itself, its successors and assigns covenants that it will include and make legally binding, this Section in all subsequent transfers, leases, or conveyance documents.

27. ASBESTOS WARNING AND COVENANT

a. The Lessee is hereby informed and does acknowledge that friable and non-friable asbestos or asbestos-containing materials (collectively "ACM") have been found in buildings and structures on the Leased Premises. The locations and conditions of the ACM are described in the EBS, dated May 1999, and asbestos survey/assessments dated May 1989, January 2001 and January 2003. Except for buildings leased to the Lessee as of the date of the MOA, the ACM in the remaining buildings and structures to be conveyed to the Lessee pursuant to the terms of the MOA will not pose a threat to human health and the environment as of the date the property is conveyed.

b. The Lessee covenants and agrees that its use and occupancy of the Leased Premises will be in compliance with all applicable laws relating to ACM; and that the Army assumes no liability for future remediation of any ACM or damages for personal injury, illness, disability, or death, to the Lessee, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with ACM on the Leased Premises, after the date of this MOA or date of the lease for leased premises, whether the Lessee, its successors or assigns have properly warned or failed to properly warn the individual(s) injured. The Lessee, its successors and assigns, assume no liability for damages or remediation for personal injury, illness, disability, death, or property damage, or indemnification obligations hereunder, arising from (i) any exposure to ACM that occurred prior to the Army's conveyance of such portion of the Leased Premises to the Lessee pursuant to the MOA or any leases entered into between the Army and Lessee, or (ii) any disposal of ACM by the Army, prior to the Army's conveyance or lease of the Leased Premises to the Lessee.

c. The Lessee acknowledges that it has had the opportunity to inspect the Leased Premises as to its ACM content and condition and any hazardous or environmental conditions relating thereto. The failure of the Lessee to inspect or be fully informed regarding the quantity of ACM in the buildings described in the EBS will not constitute grounds for any claim or demand against the United States.

d. The Lessee, its successors and assigns are hereby informed that unprotected or unregulated exposures to ACM in product manufacturing, shipyard, building construction workplaces have been associated with asbestos-related diseases. Both the Occupational Safety and Health Administration (OSHA) and the EPA regulate asbestos because of the potential hazards associated with exposure to airborne asbestos fibers. Both OSHA and EPA have determined that such exposure increases the risk of asbestos-related diseases, which include certain cancers and which can result in disability or death.

e. The Lessee further agrees to indemnify and hold harmless the Army, its officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorneys' fees arising out of, or in any manner predicated upon, exposure to ACM or any future remediation or abatement of ACM or the need therefore on any portion of the Leased Premises after the date of the MOA or lease of the Leased Premises to the Lessee. The Lessee's obligation hereunder shall apply whenever the United States incurs costs or liabilities for actions giving rise to liability under this section.

28. SITE SPECIFIC RESTRICTIONS

For prudent safety precaution the LRA and all future owners are notified that SVDA was an artillery proof-firing facility during parts of 1918 and 1919. Due to potential hazards associated with the explosive ordnance resulting from this activity, the Lessee or any sublessee will not be permitted to perform or allow any ground intrusive work on the Leased Premises until such time as the land is certified clear of ordnance and explosives (OE) and explosives contamination. In the event the Lessee, or any sublessee, should discover any ordnance on the Leased Premises, it shall not attempt to disturb, move, remove or destroy it, but shall immediately stop any action and notify the local police department and the Army. A competent Army or Army-designated explosive ordnance

professional will be dispatched promptly to dispose of such ordnance properly at no expense to the Lessee.

29. ADDITION OF RESTRICTIONS

The Lessor may impose additional environmental protection conditions and restrictions during the term of this lease following prior consultation and coordination with the Lessee. In imposing any conditions and restrictions as provided for in this subparagraph, the Lessor shall make good faith efforts and use reasonable means, without significant additional cost to the Lessor, to avoid and or minimize interference with use of the Leased Premises by the Lessee for the purposes identified in the Reuse Plan.

30. CULTURAL RESOURCES PRESERVATION

The Lessee shall not remove or disturb, or cause or permit to be removed or disturbed, any archeological, architectural or other cultural artifacts, relics, remains or objects of antiquity. In the event such items are discovered on the premises, the Lessee shall immediately notify the Commander's Representative or the District Engineer and protect the site and the material from further disturbance until said officer gives clearance to proceed.

31. SOIL AND WATER CONSERVATION

The Lessee shall maintain, in a manner reasonably satisfactory to the Lessor, acting by and through the Commander's Representative or the District Engineer, all soil and water conservation structures that may be in existence upon said Leased Premises at the beginning of or that may be constructed by the Lessee during the term of this Lease, and the Lessee shall take appropriate measures to prevent or control soil erosion within the Leased Premises. Any soil erosion occurring outside the Leased Premises resulting from the activities of the Lessee shall be corrected by the Lessee as directed by the Lessor.

32. PROTECTION OF NATURAL RESOURCES

The Lessee will use all reasonable means available to protect the environment and natural resources and, where damage nonetheless occurs from activities of the Lessee, the Lessee shall be liable to restore the damaged resources. The Lessee shall not discharge waste or effluent from the Leased Premises in such a manner that the discharge will contaminate streams or

other bodies of water or otherwise become a public nuisance. The Lessee must obtain approval in writing from said officer before any pesticides or herbicides are applied to the Leased Premises.

33. TAXES

Any and all taxes imposed by the state or its political subdivisions upon the property or interest of the Lessee in the premises shall be paid promptly by the Lessee. If and to the extent that the property owned by the United States is later made taxable by State or local governments under an Act of Congress, the Lease shall be renegotiated.

34. COVENANT AGAINST CONTINGENT FEES

The Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or established commercial or selling agencies maintained by the Lessee for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this Lease without liability or, in its discretion, to require the Lessee to pay, in addition to the Lease rental or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

35. OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefits to arise therefrom. However, nothing herein contained shall be construed to extend to any incorporated company if this Lease is for the general benefit of such corporation or company.

36. SEVERAL LESSEES

If more than one Lessee is named in this Lease, the obligations of said Lessees herein contained shall be joint and several obligations.

37. MODIFICATIONS

This Lease contains the entire agreement between the parties hereto and no modification of this agreement, or waiver, or consent hereunder, shall be valid unless the same is in

writing, signed by the parties to be bound or by a duly authorized representative. This provision shall apply to this condition as well as all other conditions of this Lease.

38. NO COMMITMENTS FOR FUTURE USE

This Lease recognizes the LRA as the sole approved receiving agency for eventual transfer of title to the SVDA property but does not commit the Government to any renewals of the use authorized herein, beyond the extension of the term provided for in the condition on Term, or to any future reuse or disposal and does not create any right or expectation for the Lessee or its sublessees or tenants to acquire the Leased Premises.

39. DISCLAIMER

This Lease is effective only insofar as the rights of the Government in the premises are concerned; and the Lessee shall obtain any permit or license which may be required by Federal, state, or local statute in connection with the use of the premises. It is understood that the granting of this Lease does not preclude the necessity of obtaining a Department of the Army permit for activities which involve the discharge of dredge or fill material or the placement of fixed structures in the waters of the United States, pursuant to the provisions of Section 10 of the Rivers and Harbors Act of 3 March 1899 (33 USC 403), and Section 404 of the Clean Waters Act (33 USC 1344).

40. ANTI-DEFICIENCY ACT

The Secretary's obligation to pay or reimburse any money under this Lease is subject to the availability of appropriated funds, and nothing in this Lease shall be interpreted to require obligations or payments by the United States in violation of the Anti-Deficiency Act; provided that the Secretary shall otherwise comply with all applicable statutory requirements and its obligation under the terms of this Lease.

THIS Lease in Furtherance of Conveyance is also executed by the Lessee this 22nd day of August, 2003.

JO-CARROLL DEPOT LOCAL REDEVELOPMENT AUTHORITY, AN AGENCY OF JO DAVIESS COUNTY, ILLINOIS AND CARROLL COUNTY, ILLINOIS (ESTABLISHED BY INTERGOVERNMENTAL AGREEMENT UNDER AND PURSUANT TO THE INTERGOVERNMENTAL COOPERATION ACT, 5 ILCS § 220/1 ET SEQ.)

BY: David M. Ylinen
David M. Ylinen,
Executive Director

COMMONWEALTH OF VIRGINIA)
)SS
COUNTY OF ARLINGTON)

The foregoing Lease in Furtherance of Conveyance was acknowledged before me this 22nd day of August, 2003, by David M. Ylinen, Executive Director of the Jo-Carroll Depot Local Redevelopment Authority, an agency of Jo Daviess County, Illinois and Carroll County, Illinois (established by intergovernmental agreement under and pursuant to the Intergovernmental Cooperation Act, 5 ILCS § 220/1 et seq.), on behalf of the cooperative association.

My commission expires 30 November 2006.
(PRINT EXPIRATION DATE)

Karen A. Cooper
NOTARY PUBLIC SIGNATURE LINE)
Notary Public, Commonwealth of Virginia

Karen A. Cooper
PRINT COMMISSIONED (OFFICIAL) NAME OF THE
NOTARY PUBLIC

(IMPRESS YOUR OFFICIAL NOTARY PUBLIC SEAL OF OFFICE ON THIS CERTIFICATE OF ACKNOWLEDGEMENT.)

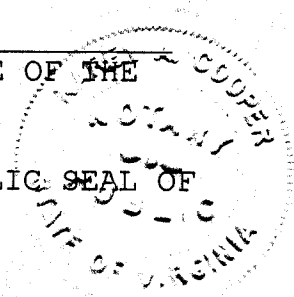


EXHIBIT A
Identification of Property (Buildings)

LEASED PREMISES (Building Nos.)

1	2	3	9	10	11
12	13	14	17	18	19
20	21	22	23	24	25
26	29	43	44	45	46
47	48	50	51	52	53
54	55	56	57	58	100
101	102	103	104	106	107
108	109	110	111	112	113
114	115	116	117	118	119
120	121	122	123	124	125
126	127	128	129	131	132
133	134	135	137	138	140
141	145	146	147	150	160
200	202	203	204	206	208
210	212	214	216	218	220
222	224	226	227	229	231
232	233	234	235	243	244
245	246	247	249	252	255
256	260	262	263	264	265
266	267	268	275	276	300
303	402	405	406	407	408
409	410	412	413	414	418
419	421	422	423	424	427
428	429	500	501	503	504
507	508	509	510	511	600
616	645	700	701	702	703
704	705	706	707	708	709
710	711	713	714	720	722
724	726	727	729	731	732
733	734	735	736	737	738
739	742	744	745	747	748
749	750	751	753	754	755
756	759	760	761	762	763
764	765	767	768	769	770
771	773	774	775	776	800
802	803	806	807	808	809
810	812	823	904	922	923
924	925	926	927	928	931
932	933	938	939	949	960
1000	1001	1002	1013	1014	1019
1020	1022	1026	1028	1100	1101
1102	1103	1104	2002	A101	A102

EXHIBIT A (cont.)

LEASED PREMISES (Building Nos.)

A103	A104	A105	A201	A202	A203
A204	A205	A206	A301	A302	A303
A304	A305	A306	A401	A402	A403
A404	A405	A406	A501	A502	A503
A504	A505	A601	A602	A603	A604
A605	A606	A701	A702	A703	A704
A705	A801	A802	A803	A804	A805
A901	A902	A903	A904	A1001	A1002
A1003	A1004	A1101	A1102	A1103	A1104
A1105	A1106	A1201	A1202	A1203	A1204
A1205	A1206	A1301	A1302	A1303	A1304
A1305	A1306	A1401	A1402	A1403	A1404
A1405	A1406	A1501	A1502	A1503	A1504
A1505	A1506	A1601	A1602	A1603	A1604
A1605	A1606	A1607	A1608	A1609	A1610
A1611	A1612	A1613	A1614	A1701	A1702
A1703	A1704	D101	D102	D103	D104
D105	D106	D107	D108	D109	D110
D111	D112	D201	D202	D203	D204
D205	D206	D207	D208	D209	D210
D211	D212	D301	D302	J208	J301
J302	J303	J304	J305	J306	J307
J401	J402	J403	J404	J501	J502
J503	J504	J505	J506	J601	J602
J603	J604	J605	J606	J607	J608
J609	J610	J611	J612	J613	

EXHIBIT A (cont.)

LEASED PREMISES (Building Nos.)

Includes adjacent parking lots and open space extending out 100 feet from each side of each building EXCEPT:

Building 26: all land within its fenced enclosure and adjacent parking areas

Building 115: building only

Building 127: includes land extending out 100 feet on the west, east and south sides and the land upon which lie the railroad tracks on the north side

Building 160: (the small arms range) includes the structures and 20 feet around them within the range fence

Building 275: (the sewage treatment plant main building) all land within the dike

Buildings 133, 135, 427, 428, 429, 931, 932, 933, the 600 series, the 700 series, the 1000 series, the 1100 series, the A series, and the D series: adjacent parking areas, hardstands and access roads to each building.

A 20-acre parcel of land in what is known as the Old Troop Area including buildings 202, 203, and 234 and area of 201.