

REGULAR COUNCIL MEETING MONDAY, JUNE 22, 2015
5:30 P.M.

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1.0 CALL TO ORDER		
2.0 PLEDGE OF ALLEGIANCE <i>Mayor John McCabe</i>		
3.0 ROLL CALL <i>Clerk to Call the Roll</i>		
4.0 APPROVAL OF AGENDA ACTION: Motion to approve the meeting agenda. VOTE REQUIRED		
5.0 APPROVAL OF Minutes ACTION: Motion to approve the minutes of the 5/26/15 , 6/8/2015 and 6/15/15 Meetings VOTE REQUIRED		
6.0 PUBLIC INPUT <i>Speakers to state name. Speakers may address the Council on any topic.</i>		
7.0 CONSENT AGENDA		
7.1 Receive and File Monthly Reports and Minutes: Building Department May Reports; Animal Control Report May; Traffic Safety June Minutes		5
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ACTION: Motion to approve all items listed on the Consent Agenda by Omnibus Vote. VOTE REQUIRED TO APPROVE CONSENT AGENDA		
8.0 FINANCIAL REPORT CITY TREASURER JIM WOLF		
9.0 NEW BUSINESS		
9.1 Approve Intergovernmental Agreement for Maintenance with IDOT DESCRIPTION: IDOT agreement to maintain State owned roadways within the City of Pekin including IL Route 29 within the City limits from July 1, 2015 to June 30, 2025. Routine maintenance operations such as snow and ice control, cleaning of streets and medians and pothole patching in the amount of \$96,721.89 for this fiscal year. ACTION: Motion to approve the agreement.	MG	1

VOTE REQUIRED			
9.2	Approval of Capital Items Purchase Loan DESCRIPTION: Approve the authorization of a loan in the amount of \$2,067,000.00 for the purchase of FY 15-16 Budget approved capital items. ACTION: Motion to approve the Authorization for Loan. VOTE REQUIRED	DG	3
9.3	Traffic Safety Request for Handicap Space at 600 State St DESCRIPTION: ACTION: Motion to adopt the change to the City Code. VOTE REQUIRED	MG	
9.4	Authorization for a Loan Agreement with Progressive Health Systems DESCRIPTION: Approve the authorization of a loan agreement in the amount of \$12,000,000.00 with Progressive Health Systems. ACTION: Motion to approve the Authorization for Loan. VOTE REQUIRED	LB	
10.0 ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL			
8.1 Staff 8.2 Council 8.3 Press			
11.0 EXECUTIVE SESSION			
65 ILCS 120/2 (c)			
12.0 ADJOURN			
NO VOTE REQUIRED			

Column 1 Key:

DG City Manager Darin Girdler

LB Economic Development Director Leigh Ann Brown

Column 2 Key:

1 A Prosperous Community. To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.

2 A Safe Community. To protect community life and property by providing effective, principled police and fire services.

3 A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.

4 A High Quality of Life. To support or provide services that improve the quality of life for Pekin's residents.

5 An Effective Government. To deliver effectively the services that Pekin's residents want, need, and are willing to support.

WELCOME TO A MEETING OF THE PEKIN CITY COUNCIL

All persons present are asked to conduct themselves in a polite, respectful and professional manner.

All meetings of the city council of the City of Pekin are a deliberative and legislative assemblage and not a public forum. The purpose of these meetings is to conduct city business. The city council considers both oral and written communications in making and establishing policies.

All city residents, property owners, business members and other interested parties are invited to address the council at the designated time (public input) for a period of 5 (five) minutes. All questions shall be directed to the council as a whole and not individual members. It is strongly encouraged that all questions shall first be directed to the appropriate personnel at the City Municipal Building or other city office before bringing them to the city council.

Because all meetings of the Pekin City Council are a matter of public record, each speaker, when recognized by the Mayor or his designee, shall give their full name.

Council members may appropriately interrupt a speaker to ask questions necessary to clarify the speaker's comments. In most cases, the council will not answer questions from the public at the council meeting, but will respond to the individual in due time. All questions requiring a researched answer shall be submitted in writing and turned to the city clerk. Please provide your name and contact information so that we can get back to you in a timely manner. The Council cannot address questions involving litigation, possible litigation or employee matters.

Any charges or complaints against individual employees of the City of Pekin shall be presented to the city manager in writing with specific information, and shall be signed by the person or persons lodging the charges or complaints. Pursuant to the Illinois Privacy Act, no person shall be permitted to present orally or discuss at any open meeting, charges against any city employee.

PROCEEDINGS OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON TUESDAY, MAY 26, 2015 AT 5:30 O'CLOCK P.M.

JOHN McCABE * MAYOR * PRESIDING

PRESENT: COUNCIL MEMBERS, ABEL, GOLDEN, LUFT, ORRICK, RITCHASON

ABSENT: NONE

The **Pledge of Allegiance** was led by Boy Scout Group 65.

Roll was called. All members were physically present. A quorum was present.

AGENDA

Motion by Council Member Golden, seconded by Council Member Orrick that the agenda be approved as presented. On roll call vote all present voted Aye.

MINUTES

Motion by Council Member Golden, seconded by Council Member Able that the minutes of the Regular City Council Meeting of May 11, 2015, approved as written. On roll call vote all present voted Aye.

PUBLIC INPUT

Sally Johnson does not agree with Mayor McCabe's choice of Rusty Dunn for the council seat. Mr. McCabe says it will be addressed in the action items.

Bob Bramham thanks the Mayor for running the meetings by the Robert's Rules of Order; he is also concerned about appointing Rusty Dunn to the Council instead of Jason Juchems. He is also Concerned about gravel lots throughout the City of Pekin and asks the new Council to take action.

Ann Witzig asked the new Council to address the issue of Mr. Bramham's home issues compared to the home on Sheridan. Mr. Dancey, City Attorney addresses this issue and states that he has spoken to Mr. Brahman's attorney and that Mr. Brahman's attorney understands the City's position on the issue.

Gerald Witzig begins to address the Council and Mayor McCabe stops Mr. Witzig from filing a complaint against a City employee. Mayor McCabe tells him to contact the City Manager.

Ed Schwinn expresses concern about bringing a complaint to the City staff and nothing was done about the situation he had with the Hearing Officer over a parking ban issue. Mr. Schwinn asks that the language be changed in the snow ban.

Jim Mangan is concerned about the fire and police pension funds debt and urges the City to pay down its liability. Mayor McCabe asks that Mr. Wolf look into the matter for clarification

Larry Wolfer is concerned about the recycling center because the cameras in the area are still not working. He says the \$20 large item fee may be making the issue of illegal dumping even worse. Mr. Wolfer asks that the five minutes be reinstated.

CONSENT AGENDA

A motion by Council Member Golden, seconded by Council Member Abel that the CONSENT AGENDA be approved as presented including the Traffic Safety Committee minutes 5/1/2015, Zoning Board of Appeals Minutes 5/13/15, Resignation of Barry McGinnis from the Zoning Board of Appeals and Resolution No 4-15/16 Mayor's Appointments. On roll call all members vote Ayes. Motion Carried.

COMMUNICATIONS, PETITIONS, REPORTS

There was a presentation for the Firefighter of the Year 2015 to Michael Shane Gardner by Deputy Chief Cox and the Carl Adams Book Award to William Maddox

UNFINISHED BUSINESS

A motion to Receive and File Monthly Reports and Minutes by Council Member Golden for the Annual Police Pension Fund's Municipal Compliance Report, Liquor Commission draft minutes April 23, 2015 and Tazewell County Animal Control April 2015 reports with a second by Council Member Ritchason. Council Member Orrick asks again for Mr. Wolf to clarify the pension questions. Mr. Golden asks why the council has not seen this report before [Police Pension report]. Mayor McCabe says it is simply for receipt and filing as the decisions are all made by the Police & Fire Pension Boards respectively. Mr. Orrick discussed this matter with Mr. Wolf and says the City is gaining by the amount of about \$300,000 to 400,000 annually and points out that pensions are mandated by the State and are not negotiated locally. Council Member Golden discusses the levy and asks what would the rate be to fully fund the police and fire pension funds. Council Member Abel says you can count on one hand the number of cities that have fully funded pensions. He points out that we are making progress. Mayor says he will have Mr. Wolf look into finding out what kind of tax increase would be necessary to catch up the unfunded liability. Council Member Luft points out this issue will take years to make the pension funds 100% funded. On roll call members Orrick, Abel, Ritchason, Luft and McCabe voted Aye, Golden voted No. Motion Carried.

NEW BUSINESS

Motion by Council by Member Abel and a second by Luft Resolution No. 5-15/16 The Mayor's appointment with Consent of Council to fill the vacancy due to the resignation of Council Member John McCabe pursuant to statutory requirements 65 ILCS 5/5-212 (g.) and the City of Pekin Code 1-5-1 within 60 days of resignation be approved. Council Member Golden comments that he does not believe that Mr. Dunn is an appropriate appointment and feels the next highest vote getter is the most fair option for the seat. Mayor McCabe says it was not an easy decision among the seven people who expressed interest. McCabe points out that he was not selected as the fourth highest vote getter, he was not seated; nor was Mr. Tebben in a former election. He looked at the situation very closely and understands the issues the City of Pekin is facing and he Mr. Dunn and appreciates that Mr. Dunn is willing to serve and make difficult decisions. On roll call members Abel, Orrick, Ritchason, Luft and McCabe voted Aye, Golden voted No. Motion Carried.

City Clerk Sue McMillan administered the Oath of Office to Rusty L. Dunn. Council Member Dunn was seated on the Pekin City Council and is hereafter considered present for City of Pekin business.

Motion by Council Member Orrick second by Council Member Ritchason that the Ordinance No. 1462-341-15/16 Amending the Traffic Code of the City of Pekin regarding No Parking be approved. The Traffic Safety Committee brings forth a recommendation to restrict parking on the north side of Starceovich Court. Council Member Golden asks if there was input with the neighbors and asks how many houses there are on the Court. It is pointed out there are only about seven houses. Council Member Ritchason says congestion has been an issue for more than twenty years and the recycling and garbage trucks cannot even get down the street. Mayor McCabe points out that all of the residences have a driveway and a garage. On roll call vote all present voted Aye.

A motion by Council Member Ritchason, second by Council Member Orrick that the CHANGE ORDER #8 for the Waste Water Treatment Plant for a credit in the amount of \$4,216.00 be approved. City Engineer Mike Guerra these credits are due to punch list items and a request at the initial phase of the construction and it was found that in the final phases of construction that item is no longer necessary, therefore will serve as a credit to the project cost. Council Member Golden asks what the date of significant completion

for Phase 2 and about product warranties; Mr. Guerra states the final completion is awaiting punch list item completions which should be completed with two months and Mr. Guerra points that there are warranty items that started earlier in order for the City to be able to continue with operations and remain in compliance with the EPA permit and notes that record drawings are kept on site and official final record drawings will be presented in whole upon final completion of the entire project On roll call vote all members voted Aye.

Motion by Council Member Ritchason, second by Council Member Orrick that the CHANGE ORDER #7 for the Waste Water Treatment Plant in the amount of \$276.00 be approved. Council Member Golden points out that the contractor has to design to meet code and Guerra points out that there are a lot of code iterations regarding the eye wash station and the shut off valve and there is difference in opinion of how you can achieve compliance. Guerra points out this change order also includes a credit on a retaining wall as well as the changes to the shut off valve. On roll call vote members Ritchason, Abel, Dunn, Orrick, Luft, and McCabe voted Aye, Golden voted No.

Motion by Council Member Luft, second by Council Member Orrick that the CONTRACT WITH THE PEKIN HOUSING AUTHORITY for the Rehabilitation Consultant in the amount of \$2,708.34 per month for fiscal year May 1, 2015- April 30, 2016 be approved. Pamela Anderson, Community Development Director says this payment was approved in the Action Plan. Golden points out that Exhibit was not included. Anderson shares the job description with the Council. Council Member Golden says based on the drive-bys he has done in the past on the projects by HUD/CDBG he noticed there were issues with compliance. Dunn asks what services we receive for the contract and Anderson explains the program cannot afford a full time inspector and the contracted employee ensures compliance with the requirements of the HUD projects and this is a good inter-governmental agreement with the Pekin Housing Authority. Orrick points out that the benefits for the employee are paid by the Pekin Housing Authority. On roll call vote Luft, Orrick, Ritchason, Abel, Dunn, McCabe present voted Aye, Golden voted No.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Anderson commented that along with Julie Herzog from Tazewell County they will be presenting the Bridges Out of Poverty two day seminar with more than 65 registered on May 27 and 28.

City Engineer advised the Council and Public Veterans Drive construction is ongoing and to be aware of intersections of 5th and 14th Streets. Please exercise caution in the work zones. Also, Mr. Orrick asked about the maintenance agreement with IDOT and Guerra says that contract expires in June and he is working on mileage issues regarding changes due to Veterans Drive construction and IDOT feels we are in compliance with the maintenance of Court Street at this time. Guerra is more than happy to answer further questions regarding the maintenance.

Council Member Golden was approached by a landlord who was disappointed that she was stuck with a \$200.00 waste water and garbage fee when a tenant moved out on her. He asks that a senior citizen discount be made available and McCabe says there would need to be some research on the topic. He also asks about the status of the street report. He questions the mowing contract being extended and is concerned with the quality of work. McCabe points out that he discussed the number of properties the City does mow with the Code Enforcement Department. Golden also doesn't know why the cameras are not working at the Recycling Center.

Council Member Abel asks what the traffic control is going to be at 14th Street and Veterans. Guerra says both 14th and 5th street will be stop signed intersections per IDOT specifications. Abel agrees there are properties that haven't been mowed and asks the Code Enforcement Department enforce compliance.

Council Member Orrick asks a fine system be set up instead of the lien process. He also notes that there are a lot of pot holes and they need to be filled. He would like to see a plan by the administration to fill the potholes. He also wants the \$20 large item fee to be looked at again. He wants Wolf to compare the median income of the comparable cities.

Council Member Dunn thanks Mayor McCabe for the opportunity to serve the Citizens of Pekin

Mayor McCabe requests that citizens write down their questions that they want answered in the future on the cards provided on the lectern. The \$20 large sticker fee is debatable and points out that the Spruce Out Pekin was very successful this year of all years and the Mayor thanks the employees and staff that worked and volunteered that day and he also thanks the citizens for responsibly disposing of items that day and for their patience in the long lines. He also thanks the City Staff for the gavel they presented to him and he looks at that gavel as a symbol of order and decorum. He discusses that the meetings should be respectful with appropriate behavior and asks that the folks attending meetings remember decorum. He will also be having Coffee with the Mayor on Tuesday morning and will be glad to listen to people and try to find answers for them.

EXECUTIVE SESSION

Motion by Council Member Dunn, seconded by Council Member Abel, that the Council adjourn into Executive Session at 7:07 p.m. to discuss 65 ILCS 120/2 (c) (11.) Litigation. On roll call vote, all present voted Aye.

Respectfully submitted,

Sue E. McMillan
City Clerk

Via 

Sarah J Newcomb
Deputy City Clerk

PROCEEDINGS OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, JUNE 8, 2015 AT 5:30 O'CLOCK P.M.

John McCabe * MAYOR * PRESIDING

PRESENT: COUNCIL MEMBERS, ABEL, GOLDEN, ORRICK, LUFT, AND RITCHASON

ABSENT: DUNN

The **Pledge of Allegiance** was led by Mayor McCabe.

Roll was called. All members were physically present, except Rusty Dunn. A quorum was present.

AGENDA

Motion by Council Member Orrick, seconded by Council Member Abel that the agenda be approved with the exception of moving item 6.2 from the consent agenda to an action item which will now be known as item 7.5 Prevailing Wage Resolution. On roll call vote all present voted Aye.

PUBLIC INPUT

Robert Bramham raised the following concerns: Fish processing plant is concerning and he shares articles from the newspaper regarding other facilities; \$6 million is not nearly enough to make repairs to Court St.; the change order for the waste water treatment plant is another example of the project going over budget.

Ann Witzig discussed the following topics: Council meeting decorum and rules; The Human Rights Committee should have spent \$2500 on something other than totes and a sign; takes issue with the quality of the report by the University of Illinois on the viability of Asian Carp and its impact on industry; can't believe the City would accept Court St from the State of Illinois in the dire straights that it is in; and requests the council change the frequency of waste water bills so she can final bill tenants when they are moving out.

Jim Mangan wanted to clarify statements made in the Pekin Times regarding the police and fire pensions and the lack of response from the Mayor on his request. Mayor McCabe stated that he spoke to the City Treasurer about the pension fund and Attorney Dancey says as a matter of record the Pekin Times does not direct us and we (the City) do not direct the Pekin Times in what they publish.

CONSENT AGENDA

Motion by Council Member Golden, seconded by Council Member Luft that the CONSENT AGENDA be approved with item 6.1 only, to receive and file the Human Rights Committee Minutes 3/25/2015 and 4/22/2015 and the March and April 2015 Building Reports. The following was presented for consideration of the Consent Agenda items by Omnibus Vote. On roll call vote Ayes, Orrick, Luft, Ritchason, Abel, McCabe; No, Golden. Motion Carried.

NEW BUSINESS

7.1 Motion by Council Member Abel, second by Council Member Orrick that ORDINANCE NO. 2730-15/16 Sale of Property to Enviro-Safe be approved. City Manager Girdler explained that this

option was originally given to Enviro-Safe when they bought their property on Hanna Drive and this property sits adjacent to his currently owned property. Orrick and Ritchason thanked the Prices for their commitment to investing in Pekin. On roll call vote all present voted Aye.

7.2 Motion by Council Member Luft, second by Council Member Orrick that the Change order #1 for WWTP Phase 3 & 4 be approved. Mr. Girdler asked Pat Sheridan, the Engineer of record on the project for Farnsworth & Associates to explain the change order. Sheridan states that this is the second major phase of the EPA agreed improvements and due to unknown at Plant 2 and the interceptor; Sheridan and City Engineer, Mike Guerra, negotiated with the contract to reduce the price of the changes to \$56,400. Sheridan feels it is fair and meets market price and the contractor is doing the work as prescribed and it is within the loan contingency and well within the loan authorization. Golden is concerned that the work should have been known and is also concerned that the work is underway. Golden is also concerned about record drawings and Sheridan respectfully disagrees and assures the council that the record drawings will be complete and that all drawings are being kept. On roll call vote Ayes, Orrick, Luft, Ritchason, Abel, McCabe; No, Golden. Motion Carried.

7.3 Motion by Council Member Ritchason, second by Council Member Abel that the Agreement with IDOT for annual maintenance be tabled until 6/22/2015 be approved. Council members want more information from the City Engineer. On roll call vote all present voted Aye to table the vote on the Agreement.

7.4 Motion by Council Member Orrick, second by Council Member Abel that the Report on the Study of the Asian Carp from the University of Illinois be received and filed. Economic Development Director, Leigh Ann Brown explains that the Council approved the study by the University of Illinois in December of 2014 for \$7,500 as opposed to a study by private consultants for much more money. The need for the study came from the regional task team put together through Focus Forward CI with a focus on human consumption. Brown goes over the executive summary that was included in the packet and notes that Council has had the full report for a couple of weeks. Luft is concerned that a fish processing plant will detur other businesses and feels we need to set a vision for the City. He feels entertaining the study is a bad idea. Orrick says we are desperate for development and says the City should have goals. Able asks if the study would be shared and notes there is a huge learning curve since this industry as it is in its infancy. Ritchason feels this doesn't really move us in a positive direction and he received a lot of calls on this topic. Golden asks about the plant in Havana. Brown explains that the plant in Beardstown is not for human consumption. McCabe says the study was not done to serve one prospect and the potential for creating head of household jobs. There is further discussion about the differences between the types of plants in Grafton and Thompson compared to the types of plants being talked about among the prospects visiting the Illinois River cities. On roll call vote Golden, Orrick, Luft and Ritchason vote no; Able and McCabe vote yes. Motion fails for the receipt and filing of the report.

7.5 Motion by Council Member Orrick, second by Council Member Luft to APPROVE RESOLUTION 6-15/16 ANNUAL PREVAILING WAGE. Council Member Golden brings up the issue of TIF and Main Street projects not falling under prevailing wage. Brown says no, the State does not apply it to Main Street projects, but the City strongly encourages it on TIF projects. Golden asks how we confirm prevailing wage. Girdler, Brown and Newcomb all confirm that certified payrolls must be received prior to payment of any invoices. McCabe points out that current TIF projects are paying prevailing wage and that state law requires the resolution for prevailing wage. Orrick also says the downtown projects by Thompson are paying prevailing wage and McCabe points out the local unions would also ensure the payment of prevailing wage. On roll call vote Ayes, Orrick, Luft, Ritchason, Abel, McCabe; No, Golden. Motion Carried.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

8.1 Brown announces the enjoypekin.com website is up for public viewing and says it is a work in progress and looks forward to adding additional information with community events in the future.

8.2 Council Member Golden says he was misquoted in the Pekin Times and that it will take time to fix the pension problems.

Council Member Orrick agrees that we can't fix the pension issue overnight. He suggested gaming revenue be dedicated to the pension funds.

Council Member Luft says we need to look at the pension funds often and find a way to fix it, but it will be a matter of years.

Council Member Ritchason thanked the Police Department for the first Cops for Kids event of the season.

Council Member Abel sends condolences to the City Clerk and thanks everyone for jumping in.

Mayor McCabe says according to Jim Wolf there are 3 issues affecting pensions: 1. Springfield increased benefits without funding mechanisms, 2. The 2008 financial impact is still felt, but we are making progress on that hit and 3. The new mortality tables are being used in actuarial studies. Mayor McCabe thanks the City's first responders to more than 40 storm related calls Sunday night and asks everyone to keep the City Clerk in thoughts and to respect her during this difficult time.

8.3 Press member Alex Rusciano from Peoria Public Radio asked if council, and specifically Luft and Ritchason, have issues with a fish processing plant or if it is the industry itself that they are against. Luft says it is a matter of setting smart goals and he doesn't want that tag on the community. It is not an anchor to build other business on. Ritchason says he is not against the industry, but one of his goals is to move Pekin to the next level and he doesn't feel this is the way to do that. Abel says we are kicking an industry to the curb before we do our homework. McCabe says it was not fiduciarily responsible to ask for a \$7,500 study and then not accept it. He points out that there is dignity in the work that should be considered.

No further business to come before the Council, motion by Council Member Abel, seconded by Council Member Orrick that Council adjourn. Motion carried voice vote. Mayor McCabe adjourned the meeting in open session.

COUNCIL ADJOURNED AT 7:19 P.M.

Respectfully submitted,

Sue E. McMillan
City Clerk

Via



Deputy City Clerk

PROCEEDINGS OF THE SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, JUNE 15, 2015 AT 5:00 O'CLOCK P.M.

John McCabe * MAYOR * PRESIDING

PRESENT: COUNCIL MEMBERS, ABEL, DUNN, GOLDEN, ORRICK, LUFT, RITCHASON

Mayor McCabe called the Economic Development Advisory Committee (EDAC) Work Session with City Council to order and led the Pledge of Allegiance.

Roll was called. All members were physically present.

AGENDA

Motion by Council Member Orrick, seconded by Council Member Dunn that the agenda be approved as presented. On roll call vote all present voted Aye.

Public Comment

Ann Witzig asks if there were 38 prospects for Asian Carp. Mayor McCabe tells her there is no document at this time as the Council chose not to receive and file it.

New Business

Mayor McCabe welcomes everyone and turns the meeting over to Andy Sparks, EDAC, Chairman. Andy Sparks thanks the council and public for attending and will give them the history and tools and then will ask them to review a case study. The following EDAC members were present at the meeting Carol Shields, Bob Hailey, Bill Fleming, Leigh Ann Brown, Dennis Keif, Mack Cakora, Laurie, Barra, Jim Wolf, Greg Ratliff, Danielle Owens. Sparks states the purpose and mission of the EDAC and explains the EDAC is a recommending team with knowledgeable, educated and diverse people on the committee.

Keif gives a history of EDAC from 1984-2010; in 1989 the city's tax rate was \$3.49/100 EAV and council decided to utilize city home rule abilities to dilute the tax base to non-residents and to create new revenue in 2010 the tax rate now is 1.32/100 EAV a 62% reduction. 75% of economic growth comes from local business and lessens the burden on households by bringing head of household jobs. Negative attitudes are especially derogative to development, especially that by elected officials. In 1986 two TIF districts were created, one has expired and one will expire in 2021. Excel Foundry and the Windfarm have also benefited from TIF districts. ED requires a team effort and relationships are important including state, federal and regulatory relationships. The City has used several tools for the ED projects, in fact most of the business park was funded by Grants. Veterans Drive most likely would not have been possible without the city gas tax which made us shovel ready. When the FBOP began negotiations for FCI-Pekin, the City was given 165 acres of property and the business park was created; this allowed the buffer between residential areas and the prison, as well as infrastructure projects. FCI Pekin paid for the improvements at the Manito Blacktop and the improvements to WWTP. In 2010 FCI-Pekin announced potential expansion plans. Riverway Business Park has now been expanded to over 400 acres. Over past 3 years the EAV and sales tax have started lagging and the council needs to work closely with EDAC. We don't compete with Peoria, we compete with other regions. The City needs to have new tools in its toolbox.

Keif and Sparks touch on TIF districts and Leigh Ann Brown states the Interior Program and Façade Programs have been successful in the central business districts. Brown continues explaining the Enterprise Zone expires in 2016. A new application in partnership with Morton, Tremont and Tazewell County is under review at the state and includes the 5 year property tax abatement and permit fees waivers for qualifying projects. More than 425 projects have been created and 2500 jobs created. Brown walks them through a typical processes of State Leads which have little details, but a long list of

requirements for the project's success and shares an old example. Sites are often logged, so the more we bid on, the more likely we are to be recognized. We can be more creative with prospects when we own property. The North Business Park and Veterans Drive corridor will be the growth area, we have several prospects now including the Progressive Health Systems and she feels they will spur development in that area. She shares examples of design concepts, maps and the type of information we share with prospects.

Bill Fleming says the City and Chamber have been working on Veterans Drive since 60s when the funding was available, however the project did not happen. Carol Shields put together the Transportation Committee and made the road happen and they continue to work with the Transportation Committees in Springfield. Shields points out the dedication of people on the committee and she spends a lot of time and literally days with the legislative members and the success of Veterans is well deserved. She give City staff an "A" for the City's response to get information to the legislators and the quality of information and she encourages the Council to talk to anyone on the committee. Brown says the connection to 4-74 is important because interstate access is crucial for products, but also for work force as well. Having rail, air and roadways is critical. The Comprehensive Economic Development Strategy (CEDS) plan was submitted which include Front St and Veterans DR. North. Currently there are 400 employees on Front St. and all of the businesses there can grow, so Front St. is a \$6m project and could be seen as a top rated project. The Quality of Life component and downtown redevelopment and the goal of TIF is to enhance properties and improve tax base and those projects create food and beverage, gaming tax are spin offs of those developments. Brown shares a Business District tool with the Council. It is a tax driven incentive for development, the dollars generated go to achieve your redevelopment in that district, maintain jobs, increase tax base, and help with cost of infrastructure. Several cities have business districts including East Peoria having 3 districts, Morton (almost all businesses are in 1 district) Peoria (1). Pekin's current rate is 8% which I under all of those districts. The EDAC shares their draft proposal for a business district map. Brown points out that the proposed district would generate revenue in the amount of \$830,000 on a ¼% sales tax

Sparks shares a case study also shares the revenues vs expenses for general fund through FY 13-14. He believes ED can impact 4 types of taxes: property, food and beverage, local use and gaming taxes. Growing revenues are critical to improving the City's ability to provide quality services. The Pekin Hospital project could be as much as \$300,000 in new property tax in the City of Pekin. Keeping dollars in Pekin is crucial. BigR has exceeded their sales tax requirement as well as EastCourt Village. Food and Beverage – Rail House and Buffalo Wild Wings are good examples. A new Business District helps existing businesses to expand. Shares a case study for a \$12m project but needs \$1m from the City with a return on investment \$100,000 going into the General Fund annually. Residential areas can qualify, can do matching funds as well. Sparks says it is the most powerful economic tool he has seen; Morton raised \$400,000. Orrick says has a lot of trust in the EDAC and Dunn asks what the impact of establishment of the Business District would be between now and 2020 from downtown to Derby to a technology corridor to Veterans. Brown says it is important for us to have as many tools as possible in our tool box, including being ready when someone makes a request i.e. the infrastructure is ready and waiting. McCabe reiterates that we can make different tools for different areas. Sparks talk about the PEDIF, you could make it a grant amount or could do loan fund and it makes it go farther. Keif says this doesn't just happen and it is a 23 year commitment. The Council has to put together the plans with a long term view. Abel says if the TIF and Ent don't happen and we don't do the business dist. we do not have three tools that other cities have. Sparks says the timing of it would include a study from a consultant showing blighted areas and would be looking at a January time line. Fleming says the consultant fees can be repaid from the funds once the business district is under way. Andy thanks the council for the commitment and looks forward to working with the

Orrick thanks the EDAC for bringing a tool that includes the whole city. McCabe like the equity of the prospective district and thanks the EDAC for their work. Meeting adjourns at 6:15 on a motion from Orrick and second from Luft.

Respectfully submitted,

Sue E. McMillan
City Clerk
Via

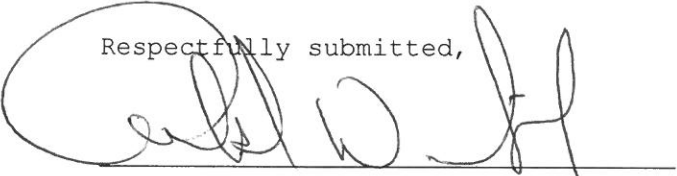

Deputy City Clerk

BUILDING DEPARTMENT REPORTS
INSPECTIONS & ZONING
May '2015

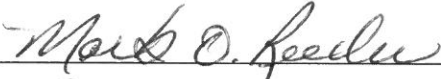
	PERMITS	VALUE	FEEES
BUILDING DEPT	75	\$ 548,733.00	\$ 3,356.00
ELECTRIC DEPT	32	\$ 19,770.00	\$ 2,415.00
HVAC DEPT	30	\$ 77,400.00	\$ 940.00
PLUMBING DEPT	72	\$.00	\$ 2,077.00
STORM SEWER PERMITS	0		\$.00
STORM WATER PERMITS	4		\$ 80.00
SEWER PERMITS	6		\$ 330.00
SEWER TAP RES	4		\$ 6,400.00
SEWER TAP COMM	0		\$.00
DEPARTMENT TOTAL	223	\$ 645,903.00	\$ 15,598.00

TOTAL CODE ENFORCEMENT COMPLAINTS - 219

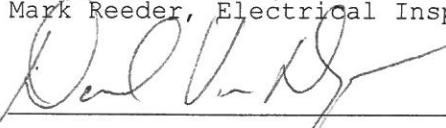
Respectfully submitted,



Ronald Sieh, Building Inspector



Mark Reeder, Electrical Inspector



Dave VanDyke, HVAC Inspector



Dave Shallenberger, Deputy Code Enforcement Officer

Tazewell County Animal Control

City: City of Pekin

Date:

Billing for Month of:

May 2015

\$3,753.83

Tazewell Animal Control

Po Box 158

Tremont, IL 61568

City of Pekin

111 S. Capitol Room 242

Pekin, IL 61554

Animal Counts Brought in by Wardens between May 1, 2015 and May 31, 2015

City	Warden	Origin	PickUp Site	PickUp Dat	Species	Breed	Disposition	Days	Log #
Pekin									
	LOHNES	City	1305 S 8TH	5/7/2015	Other	BAT	E	0	150720
	SANDER	City	1505 ANNA RD	5/18/2015	Dog	LH CHIHUAHUA	R	11	150771
	LOHNES	City	1401 valle vista #k	5/1/2015	Cat	DSH	E	3	150678
	LOHNES	City	265 SOUTH	5/4/2015	Cat	DSH	E	0	150690
	LOHNES	City	PEKIN ANIMAL HOSPITAL	5/4/2015	Dog	LAB	R	-4E	150698
	LOHNES	City	GOODFELLA'S	5/6/2015	Dog	PIT	R	0	150704
	LOHNES	City	1800 WILLOW	5/6/2015	Cat	DSH	REL	20	150710
	LOHNES	City	1005 CAROLINE	5/12/2015	Cat	DSH	REL	16	150745
	LOHNES	City	1221 HOWARD	5/7/2015	Dog	LAB	R	0	150711
	LOHNES	City	1800 WILLOW	5/7/2015	Cat	DSH	REL	19	150715
	LOHNES	City	1800 WILLOW	5/7/2015	Cat	DSH	REL	19	150716
	LOHNES	City	TAPS	5/11/2015	Cat	DSH			150742
	LOHNES	City	PEKIN POLICE DEPT.	5/10/2015	Dog	LAB	R	2	150726
	LOHNES	City	100 TAPS LANE	5/11/2015	Cat	DSH	E	11	150741
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150728
	LOHNES	City	STONEBROOK APT 5	5/19/2015	Cat	DSH	REL	2	150776
	LOHNES	City	1ST STREET	5/10/2015	Dog	HOUND MIX	REL	5	150738
	LOHNES	City	217 COOPER	5/10/2015	Dog	CHIHUAHUA X	REL	11	150737
	LOHNES	City	2007 MEMORIAL	5/10/2015	Dog	YORKSHIRE TER	R	0	150735
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	1	150734
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150733
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150727
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150732
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150731
	LOHNES	City	340 AMANDA	5/10/2015	Other	RACCOON	REL	0	150730
	LOHNES	City	340 AMANADA	5/10/2015	Other	RACCOON	REL	0	150729
	LOHNES	City	1800 WILLOW	5/7/2015	Cat	DSH	REL	19	150717
	HARMS	City	1400 BLOCK OF STATE	5/19/2015	Dog	LAB MIX	R	1	150778
	LOHNES	City	300 MAYWOOD	5/23/2015	Other	FAWN	REL	0	150806
	LOHNES	City	202 CYPRESS	5/17/2015	Dog	POINTER	R	1	150763
	LOHNES	City	2710 VILLAGE CT	5/24/2015	Dog	MALTESE	R	5	150808
	LOHNES	City	PEKIN DOG PARK	5/25/2015	Dog	BEAGLE	R	1	150814
	LOHNES	City	701 PRINCE	5/26/2015	Dog	DACH	R	1	150816
	LOHNES	City	413 CHARLOTTE APT A	5/26/2015	Dog	SHEP MIX	R	2	150824
	LOHNES	City	1908 CHICORY	5/26/2015	Other	BAT	REL	1	150825
	LOHNES	City	300 CAPRI	5/23/2015	Dog	LAB			150805
	HARMS	City	SHNUCKS	5/2/2015	Other	SQUIRREL	E	0	150682
	LOHNES	City	300 CEDAR	5/24/2015	Other	RABBIT	E	0	150807
	HARMS	City	401 CAPRI	5/5/2015	Dog	BOXER	R	0	150701
	HARMS	City	100 TAPS LANE	5/6/2015	Dog	LAB MIX	REL	15	150705
	HARMS	City	902 LAWDALE	5/13/2015	Dog	PIT BULL	R	1	150748
	HARMS	City	227 CATHERINE	5/13/2015	Dog	BEAGLE	R	1	150749
	HARMS	City	25 POINT EAST CT	5/14/2015	Other	RACCOON	E	0	150753
	HARMS	City	212 DAVIS	5/15/2015	Dog	LAB MIX			150755
	HARMS	City	303 FAYETTE	5/18/2015	Dog	LAB MIX	R	0	150767
	LOHNES	City	100 TAPS LANE	5/27/2015	Dog	BOXER			150837
	HARMS	City	1509 S 7TH	5/21/2015	Cat	DSH			150789
	LOHNES	City	STONEBROOK APT 5	5/19/2015	Cat	DSH	REL	2	150775
	LOHNES	City	1011 EISENHOWER	5/24/2015	Dog	LASO			150809
	LOHNES	City	404 S 6TH	5/20/2015	Dog	PIT BULL	R	0	150787
	LOHNES	City	STONEBROOK APT 5	5/19/2015	Cat	DSH	REL	2	150774
	LOHNES	City	6TH/WASH	5/19/2015	Dog	SHARPEI MIX	R	1	150781
	LOHNES	City	STONE BROOK APT 5	5/19/2015	Cat	DMH	REL	2	150772
	HARMS	City	223 OAKDALE	5/27/2015	Other	COON	E	0	150834

LOHNES	City	404 N 15TH	5/22/2015	Cat	DSH				150799
LOHNES	City	PEKIN HIGH SCHOOL	5/18/2015	Dog	SHIH TZU	R	0		150765
LOHNES	City	1303 S 8TH	5/22/2015	Dog	BEAGLE				150800
LOHNES	City	1005 MONROE	5/23/2015	Cat	DSH	R	3		150801
HARMS	City	122 STATE	5/20/2015	Cat	DSH				150785
LOHNES	City	STONEY BROOK ATP 5	5/19/2015	Cat	DSH	REL	2		150773

Total Dogs picked up in Pekin: 27

Total Cats picked up in Pekin: 18

Total Others picked up in Pekin: 15

Animal Counts Brought in by Individuals between May 1, 2015 and May 31, 2015

City	In By	Origin	PickUp Site	PickUp Dat	Species	Breed	Disposition	Days	Log #
Pekin									
	Owner R	City	403 HERMAN APT B	5/8/2015	Dog	JACK MIX	REL	3	150722
	Owner R	County	12612 CARTER RD	5/1/2015	Dog	PIT	E	0	150674
	Owner R	City	2007 MARKET	5/1/2015	Cat	DSH	E	14	150676
	Owner R	City	2007 MARKET	5/1/2015	Dog	BEAGLE	A	7	150677
	Owner R	City	309 WOODLAND	5/4/2015	Dog	LAB/SHEP MIX			150694
	Owner R	City	309 WOODLAND	5/4/2015	Cat	DSH	REL	17	150695
	Owner R	City	309 WOODLAND	5/4/2015	Cat	DLH	REL	2	150696
	Owner R	City	309 WOODLAND	5/4/2015	Cat	DLH	REL	14	150714
	Individua	City	427 FAIRLANE	5/7/2015	Cat	DLH		0	150706
	Owner R	City	916 S 7TH	5/6/2015	Cat	DLH		4	150843
	Owner R	City	1519 AUGUSTA	5/28/2015	Cat	DSH	E	7	150754
	Owner R	City	300 CHARLOTTE	5/15/2015	Cat	DLH	E	0	150769
	Owner R	City	1517 SARA LN #3	5/18/2015	Dog	COCKER MIX	E	1	150770
	Owner R	City	803 N. 4TH	5/18/2015	Cat	DLH	E		150791
	Owner R	City	1819 COLUMBUS DR	5/21/2015	Dog	LAB			150795
	Owner R	City	1908 COMMONWEALTH	5/22/2015	Cat	DSH	REL	6	150839
	Owner R	City	1602 FREDRICK	5/28/2015	Dog	PIT MIX			150842
	Owner R	City	1428 ANN ELIZA #3B	5/28/2015	Cat	DLH			150699
	Owner R	City	309 WOODLAND	5/5/2015	Cat	DSH	REL	16	

Total Dogs picked up in Pekin: 7

Total Cats picked up in Pekin: 11

Total Others picked up in Pekin: 0

CITY OF PEKIN TRAFFIC SAFETY COMMITTEE MINUTES
JUNE 5, 2015 @ 8:30 a.m.
CITY HALL CONFERENCE ROOM

PRESENT: Darin Girdler, Kurt Nelson, Jim Kaminski, Mike Guerra, Dennis Zimmerman, Bob Shaw, Will Taylor.

Also present: Bill Scarcliff, Lee Ann Wrhel.

The meeting was called to order at 8:30 a.m.

Motion by Kurt Nelson to approve the agenda, seconded by Jim Kaminski. All in favor.

Motion by Jim Kaminski to approve the May 1, 2015 meeting minutes, seconded by Will Taylor. All in favor.

Old Business:

1. Follow Up – Speeding Concern – Willow St.

The speed spy was put in this location recently with no reported issues. The police department will continue to monitor traffic in this area.

New Business:

1. New Member Introduction

Darin welcomed the newly appointed member, citizen representative, Dennis Zimmerman to the committee.

2. Loading/Unloading Zone, Handicapped Parking Spot – 600 State St.

Mike met with Jim Ash from Second Reformed Church regarding this request. They would like to have a “drop off” area on the State Street side of their building which is near the area where their elevator is located. The on-street parking in that area makes it difficult to drop people off there. There are no neighbors directly across State Street from them. They also asked for consideration of one handicapped parking spot in that location as well. After discussion, Will made a motion to designate a loading/unloading zone on the State Street side of the building at the entrance. Kurt seconded the motion. All in favor. Mike will let Bill know where the signs need to be located. Kurt also made a motion to make a recommendation to City Council for one handicapped spot to be located on the State Street side of the church building. Will seconded the motion. All in favor.

3. 200 Block of Elm St. (Between Mechanic St. and S. 3rd St.)

Mr. Robert Engel, 1028 Mechanic Street, 202-2787, attended the meeting for this agenda item. He requested that this location be designated one-way traffic. He said it is very narrow and vehicles drive into residents’ yards. It was noted that making this change would affect the residents in the surrounding area. Prior to making a final decision, Mike recommended that letters be mailed out to all residents in the surrounding area to get their input regarding making the 200 block of Elm Street between Mechanic St. and S. Third St. one-way westbound. Survey letters will be mailed out to all residents in the 1000 and 1100 blocks of Maple, Mechanic, and S. Third Streets. The results will be discussed at the August 7, 2015 meeting.

4. Handicapped Parking Spot Request – 214 Sapp St.

This request was made by Robert and Lisa Neff, 642-0626, of this address. It was noted by the committee that the sidewalk from the house doesn't extend out to the street, there are steps going up to the house, and the driveway access is from an alley with no direct access to the house. The street has available parking on both sides. After consideration of this request, Jim made a motion to leave the area as is. Will seconded the motion. All in favor.

5. July Meeting Date

After discussion, it was decided that unless there is a specific need, the July meeting will be cancelled due to the July 4th holiday. If there is a need, the meeting would be moved to July 10th.

Around the Table

Mike reported that he put out a press release announcing that S. 14th Street and VFW Road will be closed with a target open date of the middle of August.

Mike is continuing to work on a yield warning system for the crosswalk on Broadway at 20th Street. He has found a system with push button control that has yellow warning lights on both sides, one for each side of the street with a total of 4 beacon lights at an estimated cost of \$7,000.

Will asked about instructions for the HAWK signal on Parkway at Coal Miner's Park. It was noted that instructions were posted on Facebook this week.

Dennis stated that he is glad to be a part of the committee.

Bob reported that the patch work on Parkway from Willow to Sheridan will take some time and currently the outside lanes are open for traffic. The patch work will be done in other areas as well.

Frank Locascio, 1300 Center Street, 267-8234, attended the meeting requesting parking passes for visitors. He noted that he does like the parking ban that is in place there. He also asked about a stop sign on S. 13th at Meyers Court. His requests will be agenda items for the August meeting.

Respectfully Submitted,
Lee Ann Wrhel

NEXT REGULAR MEETING AUGUST 7, 2015 @ 8:30 A.M.

Jim Wolf, City Treasurer FY 14-15 Year End Report

Documents will be available at the June 22, 2015 Council Meeting





REQUEST FOR COUNCIL ACTION

To: Mayor and Council

CC: City Clerk & City Manager

From: Michael Guerra, City Engineer

AGENDA ITEM: Intergovernmental Agreement for the Municipal Maintenance of State Highways

AGENDA DATE REQUESTED: 6-8-2015

ACTION REQUESTED: To approve the Intergovernmental Agreement with IDOT for the maintenance of the State Highways through the City of Pekin

DESCRIPTION: This agreement is with Illinois Department of Transportation (IDOT) for the maintenance of the State Highways in Pekin. This is a ten year agreement that will replace the agreement set to expire on June 30th. With this agreement the City of Pekin will get compensated to operate and maintain the state highways which include IL 29 from Koch Street to Coolidge and Court Street from 2nd Street to Veterans. This consists of routine maintenance operations such as snow and ice control, cleaning the streets and medians, pothole patching and others. Overall this agreement allows the City to have some determination on the level of service that these routes receive due to the importance of these roads for the City. For this state fiscal year the City of Pekin will receive \$96,721.89 for the maintenance which is a 2.7% increase over last year's compensation.

Once Veterans/VFW is completed the sections of IL 9 from Fifth Street to Veterans will be removed from this agreement.

I recommend that the agreement be approved.

FINANCIAL IMPACT: Income of \$96,721.89 for this year to help offset the cost of maintaining the roads

NEIGHBORHOOD CONCERNS: Level of response for snow removal, sweeping, and other routine maintenance for IL 9 and IL 29

IMPACT IF APPROVED: The City will maintain the highways in accordance to the agreement and determine the level of response for routine maintenance

IMPACT IF DENIED: It will be IDOT's responsibility to maintain the highways and determine the level of responsiveness to routine maintenance

ALTERNATIVES: none

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes. Copy this check mark √ and paste it to the left of the relevant theme.]

☐	A Prosperous Community. To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
--------------------------	---

☐	A Safe Community. To protect community life and property by providing effective, principled police and fire services.
--------------------------	--

✓	A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
	A High Quality of Life. To support or provide services that improves the quality of life for Pekin's residents.
	An Effective Government. To deliver effectively the services that Pekin's residents want, need, and are willing to support.
REQUIRED SIGNATURES	
Department Director: 	
Date: 6/3/15	
Finance Department (Certification of Availability of Funds):	
Date:	
Corporation Counsel:	
Date:	
City Manager:	
Date:	



Illinois Department of Transportation

Division of Highways / Region 3 / District 4
401 Main Street / Peoria, Illinois / 61602-1111
Telephone 309/671-3333

May 29, 2015

City of Pekin
111 S. Capitol Street
Pekin, IL 61554

Dear City Clerk:

The Illinois Department of Transportation, on behalf of the State of Illinois, intends to enter into an Intergovernmental Agreement ("Agreement") for Maintenance of Municipal Streets with your municipality. The scope of work, including the roadways covered in this Agreement, is listed in Part 5. This will replace our previous ten-year Agreement which expires on June 30, 2015.

Part 5 includes a clause to allow modifications to the location listing, as appropriate, and as mutually agreed to by both parties. Please indicate on the blank, the name of the representative from the Governmental Body who is authorized to approve these modifications.

Updated Computation Sheets for the period of July 1, 2015, to June 30, 2016, are included with the contract. The adjustment factor used to determine the rates is based on the 2.71% increase published by the Engineering News Record. The annual payment for your city will be \$96,721.89.

Please review and sign the attached two copies of the Agreement, and return them to: **Illinois Department of Transportation, 401 Main Street, Peoria, IL 61602-1111**. In order to execute the contract by July 1, 2015, please return it no later than **June 11, 2015**. One original of the executed Agreement will be sent back to you once all parties have signed it.

If you have any questions, please contact Clifford Williams at (309) 671-4485.

Sincerely,

A handwritten signature in blue ink, reading "Kensil A. Garnett".

Kensil A. Garnett, P.E.
Deputy Director of Highways,
Region Three Engineer

CW:bh\o:\op\gen\winword\serv&dev\fy 16 revised 16 maintenance agreements 2015\pekin.docx

Enclosures

cc: File



Governmental Body Name City of Pekin			
Address 111 S. Capitol Street			
City, State, Zip Pekin, Illinois 61550			
Remittance Address (if different from above)			
City, State, Zip			
Telephone Number (309) 477-2300	Fax Number (309) 346-2095	FEIN/TIN 30-00006840	DUNS NA
Brief Description of Service (full description specified in Part 5) Routine maintenance of State routes.			
Compensation Method (full details specified in Part 6) Lump Sum			Agreement Term From: July 01, 2015
Total Compensation Amount \$1,051,000 Estimate		Advance Pay ☐ Yes ☒ No	To: June 30, 2025

REQUIRED SIGNATURES

By signing below, the GOVERNMENTAL BODY and the DEPARTMENT agree to comply with and abide by all provisions set forth in Parts 1-8 herein and any Appendices thereto.

FOR THE GOVERNMENTAL BODY:

(Name and Title of Authorized Representative)	(Signature of Authorized Representative)	Date
---	---	------

FOR THE DEPARTMENT:

Aaron A. Weatherholt, Deputy Director, Division of Highways	Date	William M. Barnes, Chief Counsel (Approved as to form)	Date
---	------	---	------

By:

Omer M. Osman, P.E., Director, Division of Highways & Chief Engineer	Date	Jim J. Ofcarcik, Interim Chief Financial Officer	Date
Date: _____		By: _____	

By: _____		Randall S. Blankenhorn, Acting Secretary of Transportation	Date
-----------	--	--	------

By: _____

Print Name

Print Title

INTERGOVERNMENTAL AGREEMENT
FOR
ROUTINE MAINTENANCE OF STATE ROUTES

This Agreement is by and between

City of Pekin

Please type or print legibly the GOVERNMENTAL BODY'S legal name and address

111 S. Capitol Street

Pekin, IL 61550

Attn: City Clerk

hereinafter called the GOVERNMENTAL BODY, and the State of Illinois, acting by and through its Department of Transportation, hereinafter called the DEPARTMENT.

Part 1	Scope/Compensation/Term
Part 2	General Provisions
Part 3	Federally Funded Agreements
Part 4	Specific Provisions
Part 5	Scope of Services/Responsibilities
Part 6	Compensation for Services
Part 7	Certification Regarding Lobbying
Part 8	Agreement Award Notification

PART 1

SCOPE / COMPENSATION / TERM

- A. Scope of Services and Responsibilities.** The DEPARTMENT and the GOVERNMENTAL BODY agree as specified in Part 5.
- B. Compensation.** Compensation (if any) shall be as specified in Part 6.
- C. Term of Agreement.** The term of this Agreement shall be from **July 01, 2015 to June 30, 2025**.
- D. Amendments.** All changes to this Agreement must be mutually agreed upon by the DEPARTMENT and the GOVERNMENTAL BODY and be incorporated by written amendment, signed by the parties.
- E. Renewal.** This Agreement may not be renewed.

PART 2
GENERAL PROVISIONS

A. Changes. If any circumstance or condition in this Agreement changes, the GOVERNMENTAL BODY must notify the DEPARTMENT in writing within seven days.

B. Compliance/Governing Law. The terms of this Agreement shall be construed in accordance with the laws of the State of Illinois. Any obligations and services performed under this Agreement shall be performed in compliance with all applicable state and federal laws.

C. Availability of Appropriation. This Agreement is contingent upon and subject to the availability of funds. The Department, at its sole option, may terminate or suspend this Agreement, in whole or in part, without penalty or further payment being required, if (1) the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason, (2) the Governor decreases the Department's funding by reserving some or all of the Department's appropriation(s) pursuant to power delegated to the Governor by the Illinois General Assembly; or (3) the Department determines, in its sole discretion or as directed by the Office of the Governor, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. GOVERNMENTAL BODY will be notified in writing of the failure of appropriation or of a reduction or decrease.

D. Records Inspection. The DEPARTMENT or a designated representative shall have access to the GOVERNMENTAL BODY's work and applicable records whenever it is in preparation or progress, and the GOVERNMENTAL BODY shall provide for such access and inspection.

E. Records Preservation. The GOVERNMENTAL BODY, shall maintain for a minimum of **three years** after the completion of the Agreement, adequate books, records and supporting documents to verify the amounts, recipients and uses of all disbursements of funds passing in conjunction with the Agreement.

F. Cost Category Transfer Request. For all transfers between or among appropriated and allocated cost categories, DEPARTMENT approval is required. To secure approval, the GOVERNMENTAL BODY must submit a written request to the DEPARTMENT detailing the amount of transfer, the cost categories from and to which the transfer is to be made, and rational for the transfer.

G. Subcontracting/Procurement Procedures/Employment of Department Personnel

1. Subcontracting. Subcontracting, assignment or transfer of all or part of the interests of the GOVERNMENTAL BODY concerning any of the obligations covered by this Agreement is prohibited without prior written consent of the DEPARTMENT.

2. Procurement of Goods or Services – Federal Funds. For purchases of products or services with any Federal funds that cost more than \$3,000.00 but less than the simplified acquisition threshold fixed at 41 U.S.C 403(11), (currently set at \$100,000.00) the GOVERNMENTAL BODY shall obtain price or rate quotations from an adequate number (at least three) of qualified sources. Procurement of products or services with any Federal funds for \$100,000 or more will require the GOVERNMENTAL BODY to use the Invitation for Bid process or the Request for Proposal process. In the absence of formal codified procedures of the GOVERNMENTAL BODY, the procedures of the DEPARTMENT will be used, provided that the procurement procedures conform to the provisions in Part 3(K) below. The GOVERNMENTAL BODY may only procure products or services from one source with any Federal funds if: (1) the products or services are available only from a single source; or (2) the DEPARTMENT authorizes such a procedure; or, (3) after solicitation of a number of sources, competition is determined inadequate.

3. Procurement of Goods or Services – State Funds. For purchases of products or services with any State of Illinois funds that cost more than \$20,000.00, (\$10,000.00 for professional and artistic services) but less than the small purchase amount set by the Illinois Procurement Code Rules, (currently set at \$50,000.00 and \$20,000.00 for professional and artistic services) the GOVERNMENTAL BODY shall obtain price or rate quotations from an adequate number (at least three) of qualified sources. Procurement of products or services with any State of Illinois funds for \$50,000.00 or more for goods and services and \$20,000.00 or more for professional and artistic services) will require the GOVERNMENTAL

BODY to use the Invitation for Bid process or the Request for Proposal process. In the absence of formal codified procedures of the GOVERNMENTAL BODY, the procedures of the DEPARTMENT will be used. The GOVERNMENTAL BODY may only procure products or services from one source with any State of Illinois funds if: (1) the products or services are available only from a single source; or (2) the DEPARTMENT authorizes such a procedure; or, (3) after solicitation of a number of sources, competition is determined inadequate.

The GOVERNMENTAL BODY shall include a requirement in all contracts with third parties that the contractor or consultant will comply with the requirements of this Agreement in performing such contract, and that the contract is subject to the terms and conditions of this Agreement.

4. EMPLOYMENT OF DEPARTMENT PERSONNEL. The GOVERNMENTAL BODY will not employ any person or persons that are employed by the DEPARTMENT for any work required by the terms of this Agreement while they are still employed by the DEPARTMENT.

PART 3 FEDERALLY FUNDED AGREEMENTS

[Not applicable to this Agreement.]

PART 4 SPECIFIC PROVISIONS

A. Invoices. Invoices submitted by the GOVERNMENTAL BODY will be based on the approved annual lump sum amount for completion of Part 5, Scope of Services and as described in Part 6, Compensation for Services. Furthermore, if any of the deliverables in Part 5 are not satisfactorily completed as determined by the DEPARTMENT, the DEPARTMENT will advise the municipality of the deficiencies to be corrected before invoicing will be authorized.

Any invoices/bills issued by the GOVERNMENTAL BODY to the DEPARTMENT pursuant to this Agreement shall be sent to the following address:

Illinois Department of Transportation
District 4
Attn.: Cliff Williams
401 Main Street
Peoria, IL 61602

All invoices shall be signed by an authorized representative of the GOVERNMENTAL BODY.

B. Billing and Payment. All invoices for services performed and expenses incurred by the GOVERNMENTAL BODY prior to July 1st of each year must be presented to the DEPARTMENT no later than July 31st of that same year for payment under this Agreement. Notwithstanding any other provision of this Agreement, the DEPARTMENT shall not be obligated to make payment to the GOVERNMENTAL BODY on invoices presented after said date. Failure by the GOVERNMENTAL BODY to present such invoices prior to said date may require the GOVERNMENTAL BODY to seek payment of such invoices through the Illinois Court of Claims and the Illinois General Assembly. No payments will be made for services performed prior to the effective date of this Agreement. The DEPARTMENT will direct all payments to the GOVERNMENTAL BODY's remittance address listed in this Agreement.

C. Termination. If the DEPARTMENT is dissatisfied with the GOVERNMENTAL BODY'S performance or believes that there has been a substantial decrease in the GOVERNMENTAL BODY'S performance, the DEPARTMENT may give written notice that remedial action shall be taken by the GOVERNMENTAL BODY within seven (7) calendar days. If such action is not taken within the time afforded, the DEPARTMENT may terminate the Agreement by giving seven (7) days written notice to the GOVERNMENTAL BODY. Additionally, the DEPARTMENT or the GOVERNMENTAL BODY may terminate the Agreement by giving the other party ninety (90) days written notice.

In either instance, the GOVERNMENTAL BODY shall be paid for the value of all authorized and acceptable work performed prior to the date of termination, based upon the payment terms set forth in the Agreement.

D. Location of Service. Service to be performed by the GOVERNMENTAL BODY shall be performed as described in Part 5.

E. Ownership of Documents/Title to Work. [Not Applicable To This Agreement]

F. Software. [Not Applicable To This Agreement]

G. Confidentiality Clause. Any documents, data, records, or other information given to or prepared by the GOVERNMENTAL BODY pursuant to this Agreement shall not be made available to any individual or organization without prior written approval by the DEPARTMENT. All information secured by the GOVERNMENTAL BODY from the DEPARTMENT in connection with the performance of services pursuant to this Agreement shall be kept confidential unless disclosure of such information is approved in writing by the DEPARTMENT.

H. Reporting/Consultation. The GOVERNMENTAL BODY shall consult with and keep the DEPARTMENT fully informed as to the progress of all matters covered by this Agreement.

I. Travel Expenses. Expenses for travel, lodging, or per diem is NOT allowed pursuant to this Agreement.

J. Indemnification. Unless prohibited by State law, the GOVERNMENTAL BODY agrees to hold harmless and indemnify the DEPARTMENT, and its officials, employees, and agents, from any and all losses, expenses, damages (including loss of use), suits, demands and claims, and shall defend any suit or action, whether at law or in equity, based on any alleged injury or damage of any type arising from the actions or inactions of the GOVERNMENTAL BODY and/or the GOVERNMENTAL BODY'S employees, officials, agents, contractors and subcontractors, and shall pay all damages, judgments, costs, expenses, and fees, including attorney's fees, incurred by the DEPARTMENT and its officials, employees and agents in connection therewith.

GOVERNMENTAL BODY shall defend, indemnify and hold the DEPARTMENT harmless against a third-party action, suit or proceeding ("Claim") against the DEPARTMENT to the extent such Claim is based upon an allegation that a Product, as of its delivery date under this Agreement, infringes a valid United States patent or copyright or misappropriates a third party's trade secret.

K. Equal Employment Opportunities, Affirmative Action, Sexual Harassment. The GOVERNMENTAL BODY will comply with the Illinois Human Rights Act with respect to public contracts, including equal employment opportunity, refraining from unlawful discrimination and having a written sexual harassment policy.

L. Tax Identification Number.

GOVERNMENTAL BODY certifies that:

1. The number shown on this form is a correct taxpayer identification number (or it is waiting for a number to be issued.), **and**
2. It is not subject to backup withholding because: (a) it is exempt from backup withholding, or (b) has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified the GOVERNMENTAL BODY that it is no longer subject to backup withholding, **and**
3. It is a U.S. entity (including a U.S. resident alien).

NAME OF GOVERNMENTAL BODY: City of Pekin

Taxpayer Identification Number: 30-00006840

Legal Status (check one):

- ☐ Tax-exempt

☐ Nonresident Alien

☒ Government

☐ Other _____

- M. International Boycott.** The GOVERNMENTAL BODY certifies that neither GOVERNMENTAL BODY nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This applies to contracts that exceed \$10,000 (30 ILCS 582).

N. Forced Labor. The GOVERNMENTAL BODY certifies it complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the DEPARTMENT under this Agreement have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

PART 5

SCOPE OF SERVICE/RESPONSIBILITIES

- A. The GOVERNMENTAL BODY agrees to operate and maintain specific portions of the State Highway system that are currently under the DEPARTMENTS jurisdiction, specifically the portions of that system located within the GOVERNMENTAL BODY’s boundary as shown in Attachment A:
AS SHOWN ON THE ATTACHED COMPUTATION SHEET

This maintenance location listing may be modified as appropriate and mutually agreed to by both parties. Such modification shall be reduced to writing and must be approved by the Regional Engineer or his or her designee on behalf of IDOT and by _____ on behalf of the Governmental Body. It is understood these modifications may result in a modification to the total payments under this agreement. However, the parties hereby agree that a formal amendment to the agreement is not necessary to modify the locations nor is a formal amendment necessary to modify a change in cost associated with the change in locations provided the change in amount of total payments is less than 10%.

- B. Maintenance Requirements. The GOVERNMENTAL BODY’s maintenance responsibilities include, but are not limited to the following routine services, as necessary:

 - routine surface and pothole repairs
 - temporary full depth patching;
 - removing expansion bumps on bituminous surfaces;
 - sealing cracks and joints;
 - cleaning;
 - picking up litter;
 - controlling snow and ice; and
 - all other routine operational services.

Note: Median maintenance, when applicable, includes the following:

- sweeping;
- picking up litter;
- mowing; and
- repairing surface.

- C. Responsibilities. The GOVERNMENTAL BODY agrees to the following:

 - must obtain written approval from the DEPARTMENT before cutting or opening the curb or the pavement of any highway, which is covered in this AGREEMENT;
 - must undertake all measures, including notifying the DEPARTMENT of the need for legal action, to require utility owners or permit holders to adjust, maintain, repair, and restore all pavement

cuts, curb openings, utility frames, municipal frames, grates, and covers that are disturbed by settlement, construction, or repair;

- must notify the DEPARTMENT of the need to inform utility owners or permit holders to pay all costs of adjustment, maintenance, repair and restoration;
- must ensure that the work adheres to all applicable laws, rules and regulations, as well as the DEPARTMENT's standards (the most recent edition of Standard Specifications for Road and Bridge Construction, and subsequent updates); and
- must request and obtain written approval from the DEPARTMENT's Regional Engineer or his designee before doing any extra work not specifically identified in this AGREEMENT.

PART 6 COMPENSATION FOR SERVICES

A. Funding: State Funds (Appropriation Code: 011-49405-4472-0200) \$1,051,000 (estimate) 100% Share

B. Terms and Conditions:

1. GOVERNMENTAL BODY agrees that total payment for each fiscal year from 2016 through 2025 must not exceed the previous year's total payment **plus** cost adjustment. [Cost adjustment means the previous year's total payment x % change of the Construction Cost Index, which is published in the Engineering News Record (January edition for each year)]. Payment for the cost of approved extra work will be added to the total funding as provided in Part 5, last paragraph;
2. The DEPARTMENT will calculate the compensation for services according to the DEPARTMENT's Bureau of Operations Maintenance Policy Manual, Section 11-800.2.4 Rate of Compensation; and Section 11-800.2.5 Empirical Formula – Municipal Maintenance of State Highways, and send an annual letter to the GOVERNMENTAL BODY notifying it of the new annual Lump Sum approved amount according to the attached Computation Sheet – Municipal Maintenance (Attachment A) under the conditions stated in Section B.1 above;
3. The GOVERNMENTAL BODY must submit an invoice voucher every 3 months (quarterly), based on the approved annual Lump Sum amount; and
4. The DEPARTMENT will pay the GOVERNMENTAL BODY's quarterly invoice vouchers on or about September 30, December 31, March 31, and June 30 of each fiscal year, subject to the DEPARTMENT's inspection for satisfactory operation and maintenance of covered streets.

PART 7 CERTIFICATION REGARDING LOBBYING (49 CFR PART 20) [NOT APPLICABLE TO THIS AGREEMENT]

PART 8 AGREEMENT AWARD NOTIFICATION REQUIRED FOR ALL PROJECTS

Does this project receive Federal funds? ☐ Yes ☒ No

Amount of Federal funds: None

Federal Project Number: NA

Name of Project: State Routes Maintenance Agreement

CFDA Number*, Federal Agency, Program Title: NA

*For CFDA (Catalog of Federal Domestic Assistance) Number, refer to original Federal Award/Grant Agreement.

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
CITY OF PEKIN

CITY OF PEKIN COMPUTATION SHEET - MUNICIPAL MAINTENANCE FY 16

For the Period
Beginning July 1, 2015 Ending June 30, 2016

ROUTE	SECTION	STREET NAME	FROM	TO	TOTAL WIDTH	BUILT BY	WIDTH	NO. LANES	LOCATION	LENGTH IN FEET	LANE MILES	ADT	ADT/ LANES	SOURCE	RATE PER LN. MI.	ADJ. FACTOR	ROUTE TOTALS
ILL 9	One Way EB																
	*Margret	Second	Sixth	40' & var	C/S	28	3 of 3	left/center	2434	1.38	5888	1963	2012	421.3	5.91		\$3,436.04
ILL 9	Margret	sixth	court & Eighth	40' & var	C/S	30	2 of 2		1079	0.41	7300	3650	2013	532.5	5.91		\$1,290.30
	One Way WB	court	Broadway	60'	C/S	30'	2 of 4	Center	300	0.11	8400	4200	2013	560	5.91		\$364.06
ILL 9/29	Eight	Broadway	Ann Eliza	30' & var	C/S	30'	2 of 2	All	300	0.11	8900	4450	2013	572.5	5.91		\$372.18
	Ann Eliza	Fifth	Fifth	30'	C/S	30'	2 of 2	All	1253	0.48	5500	2750	2013	487.5	5.91		\$1,382.94
ILL 9	*Ann Eliza	Fifth	Second	36'	C/S	24'	2 OF 3	left/center	1854	0.7	6886	3433	2013	521.65	5.91		\$2,158.07
	Second	Ann Eliza	Margaret	40'	C/S	40'	3 of 3	All	240	0.14	3550	1183	2013	343.3	5.91		\$284.05
ILL 9	Two-Way																
	Court	Eight	160' W. of Hilltop rd.	52'	C/S	10' & 11'	5 of 5	Center	10610	10.05	18925	3785	2013	539.25	5.91		\$32,029.02
ILL 9	Court	160' W. of Hilltop Drive	TR93A (Mail Rd.)	52'	C/S	10' & 11'	2 of 4	Center	6072	2.3	11327	5664	2013	613.28	5.91		\$8,336.32
	Court	300' W. of Pwy	300' W. of Collage Grove Ave.			4' & var	C & G		600	0.11	23900		2013	330	5.91		\$2,242.85
ILL 9	Court	160' W. of Hilltop Drive	TR93A (Mail Rd.)			4' & var	C & G		6072	1.15			2011	330	5.91		\$228.00
	Court	Valle Vista	Valle Vista			12	1		186	0.04	22800	22800	2013	956	5.91		\$895.08
ILL 9	Lt. Turn lanes	Court	Valle Vista			12 var	3		430	0.24	18600	6200	2013	624	5.91		\$445.97
	3-Lt. Turn EB	Court	Olt			12 var	2		293	0.11	18600	9300	2013	666	5.91		\$1,216.99
ILL 9	2-Lt. Turn WB	Court	Olt			12 var	3		583	0.33	18600	6200	2013	624	5.91		\$364.88
	3-Lt. Turn EB	Court	Barney Dr.			12 var	2		237	0.09	18600	9300	2013	666	5.91		\$1,189.07
ILL 9	2-Lt. Turn WB	Court	Barney Dr.			12 var	3		624	0.354	13100	4367	2013	568.35	5.91		\$1,058.07
	3-Lt. Turn EB	Court	Veterans			12 var	3		555	0.315	13100	4367	2013	568.35	5.91		\$223.75
ILL 29	3-Lt. Turn WB	Court	Barney Dr.			12 var	1		306	0.06	6550	6550	2013	631	5.91		\$9,415.16
	Lt. Turn WB	Court	Veterans			12 var	3 of 3	Center	4900	2.79	13250	4417	2013	571	5.91		\$181.56
ILL 29	Second	Koch	3rd street connection	40'	C & S	12'	1		210	0.04	13400	13400	2013	768	5.91		\$190.14
	Lt. Turn	Second	N. of Derby			12'	1		200	0.04	13100	13100	2013	762	5.91		\$926.39
ILL 29	Rt. Turn	Second	S. of Derby			10'-12"	4 of 4		500	0.38	7500	1875	2013	412.5	5.91		\$370.56
	Median	Second	Franklin			4' & var	1		1000	0.19	7500	7500	2011	330	5.91		\$153.66
ILL 29	Lt. Turn	Second	Washington			21'	1		200	0.04	7500	1875	2013	650	5.91		\$926.39
	Second	Second	Franklin			10'-12"	4		500	0.38	7500	2500	2013	412.5	5.91		\$4,070.51
ILL 29	Second	Second	Washington			12'	3 of 3		2550	1.45	7500	2500	2013	475	5.91		\$263.76
	*Second	Second	Magaret			12'	3 of 3		220	0.13	3550	1183	2013	343.3	5.91		\$183.21
ILL 29	Lt. Turn	Second	Ann Eliza			12'	1		250	0.05	6000	6000	2013	620	5.91		\$3,452.25
	3rd st.	3rd st.	Court St.			12'	2 of 2		2940	1.11	7050	3525	2013	526.25	5.91		\$113.65
ILL 29	Lt. Turn	3rd st.	Margaret			12'	1		150	0.03	7050	7050	2013	641	5.91		\$2876.78
	*3rd st.	Margaret	Ann Eliza			12'	2 of 2		220	0.08	4550	2275	2013	452.5	5.91		\$926.96
ILL 29	Fifth	Ann Eliza	Charlotte			36'	3 of 3		1576	0.9	11450	3817	2013	540.85	5.91		\$267.13
	Fifth	Charlotte	Ann Eliza			24'	2 of 2		200	0.08	8600	4300	2013	565	5.91		\$79.43
ILL 29	Lt. Turn	Margaret	S. of Ann Eliza			10'	1		100	0.02	8600	8600	2013	672	5.91		\$399.81
	Lt. Turn	N. of Margaret	Ann Eliza			10' & var	flush		2164	0.41	8600	8600	2013	165	5.91		\$13,921.01
ILL 29	Median	Fifth	Ann Eliza			58'	5 of 5		3700	3.5	19800	3960	2013	673	5.91		\$96,721.89
	Fourth	Fourth	4th of Colidge Ave.														
TOTAL											Lane miles	30.409	Total amount				



Governmental Body Name City of Pekin			
Address 111 S. Capitol Street			
City, State, Zip Pekin, Illinois 61550			
Remittance Address (if different from above)			
City, State, Zip			
Telephone Number (309) 477-2300	Fax Number (309) 346-2095	FEIN/TIN 30-00006840	DUNS NA
Brief Description of Service (full description specified in Part 5) Routine maintenance of State routes.			
Compensation Method (full details specified in Part 6) Lump Sum			Agreement Term From: July 01, 2015
Total Compensation Amount \$1,051,000 Estimate		Advance Pay ☐ Yes ☒ No	To: June 30, 2025

REQUIRED SIGNATURES

By signing below, the GOVERNMENTAL BODY and the DEPARTMENT agree to comply with and abide by all provisions set forth in Parts 1-8 herein and any Appendices thereto.

FOR THE GOVERNMENTAL BODY:

(Name and Title of Authorized Representative)	(Signature of Authorized Representative)	Date
---	---	------

FOR THE DEPARTMENT:

Aaron A. Weatherholt, Deputy Director, Division of Highways	Date	William M. Barnes, Chief Counsel (Approved as to form)	Date
---	------	---	------

By:

Omer M. Osman, P.E., Director, Division of Highways & Chief Engineer	Date	Jim J. Ofcarcik, Interim Chief Financial Officer	Date
--	------	--	------

Date: _____

By:

By: _____	Randall S. Blankenhorn, Acting Secretary of Transportation	Date
-----------	---	------

By: _____

Print Name

Print Title

INTERGOVERNMENTAL AGREEMENT
FOR
ROUTINE MAINTENANCE OF STATE ROUTES

This Agreement is by and between

City of Pekin

Please type or print legibly the GOVERNMENTAL BODY'S legal name and address

111 S. Capitol Street

Pekin, IL 61550

Attn: City Clerk

hereinafter called the GOVERNMENTAL BODY, and the State of Illinois, acting by and through its Department of Transportation, hereinafter called the DEPARTMENT.

Part 1	Scope/Compensation/Term
Part 2	General Provisions
Part 3	Federally Funded Agreements
Part 4	Specific Provisions
Part 5	Scope of Services/Responsibilities
Part 6	Compensation for Services
Part 7	Certification Regarding Lobbying
Part 8	Agreement Award Notification

PART 1

SCOPE / COMPENSATION / TERM

- A. Scope of Services and Responsibilities.** The DEPARTMENT and the GOVERNMENTAL BODY agree as specified in Part 5.
- B. Compensation.** Compensation (if any) shall be as specified in Part 6.
- C. Term of Agreement.** The term of this Agreement shall be from **July 01, 2015** to **June 30, 2025**.
- D. Amendments.** All changes to this Agreement must be mutually agreed upon by the DEPARTMENT and the GOVERNMENTAL BODY and be incorporated by written amendment, signed by the parties.
- E. Renewal.** This Agreement may not be renewed.

PART 2 GENERAL PROVISIONS

A. Changes. If any circumstance or condition in this Agreement changes, the GOVERNMENTAL BODY must notify the DEPARTMENT in writing within seven days.

B. Compliance/Governing Law. The terms of this Agreement shall be construed in accordance with the laws of the State of Illinois. Any obligations and services performed under this Agreement shall be performed in compliance with all applicable state and federal laws.

C. Availability of Appropriation. This Agreement is contingent upon and subject to the availability of funds. The Department, at its sole option, may terminate or suspend this Agreement, in whole or in part, without penalty or further payment being required, if (1) the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason, (2) the Governor decreases the Department's funding by reserving some or all of the Department's appropriation(s) pursuant to power delegated to the Governor by the Illinois General Assembly; or (3) the Department determines, in its sole discretion or as directed by the Office of the Governor, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. GOVERNMENTAL BODY will be notified in writing of the failure of appropriation or of a reduction or decrease.

D. Records Inspection. The DEPARTMENT or a designated representative shall have access to the GOVERNMENTAL BODY's work and applicable records whenever it is in preparation or progress, and the GOVERNMENTAL BODY shall provide for such access and inspection.

E. Records Preservation. The GOVERNMENTAL BODY, shall maintain for a minimum of **three years** after the completion of the Agreement, adequate books, records and supporting documents to verify the amounts, recipients and uses of all disbursements of funds passing in conjunction with the Agreement.

F. Cost Category Transfer Request. For all transfers between or among appropriated and allocated cost categories, DEPARTMENT approval is required. To secure approval, the GOVERNMENTAL BODY must submit a written request to the DEPARTMENT detailing the amount of transfer, the cost categories from and to which the transfer is to be made, and rational for the transfer.

G. Subcontracting/Procurement Procedures/Employment of Department Personnel

1. Subcontracting. Subcontracting, assignment or transfer of all or part of the interests of the GOVERNMENTAL BODY concerning any of the obligations covered by this Agreement is prohibited without prior written consent of the DEPARTMENT.

2. Procurement of Goods or Services – Federal Funds. For purchases of products or services with any Federal funds that cost more than \$3,000.00 but less than the simplified acquisition threshold fixed at 41 U.S.C 403(11), (currently set at \$100,000.00) the GOVERNMENTAL BODY shall obtain price or rate quotations from an adequate number (at least three) of qualified sources. Procurement of products or services with any Federal funds for \$100,000 or more will require the GOVERNMENTAL BODY to use the Invitation for Bid process or the Request for Proposal process. In the absence of formal codified procedures of the GOVERNMENTAL BODY, the procedures of the DEPARTMENT will be used, provided that the procurement procedures conform to the provisions in Part 3(K) below. The GOVERNMENTAL BODY may only procure products or services from one source with any Federal funds if: (1) the products or services are available only from a single source; or (2) the DEPARTMENT authorizes such a procedure; or, (3) after solicitation of a number of sources, competition is determined inadequate.

3. Procurement of Goods or Services – State Funds. For purchases of products or services with any State of Illinois funds that cost more than \$20,000.00, (\$10,000.00 for professional and artistic services) but less than the small purchase amount set by the Illinois Procurement Code Rules, (currently set at \$50,000.00 and \$20,000.00 for professional and artistic services) the GOVERNMENTAL BODY shall obtain price or rate quotations from an adequate number (at least three) of qualified sources. Procurement of products or services with any State of Illinois funds for \$50,000.00 or more for goods and services and \$20,000.00 or more for professional and artistic services) will require the GOVERNMENTAL

BODY to use the Invitation for Bid process or the Request for Proposal process. In the absence of formal codified procedures of the GOVERNMENTAL BODY, the procedures of the DEPARTMENT will be used. The GOVERNMENTAL BODY may only procure products or services from one source with any State of Illinois funds if: (1) the products or services are available only from a single source; or (2) the DEPARTMENT authorizes such a procedure; or, (3) after solicitation of a number of sources, competition is determined inadequate.

The GOVERNMENTAL BODY shall include a requirement in all contracts with third parties that the contractor or consultant will comply with the requirements of this Agreement in performing such contract, and that the contract is subject to the terms and conditions of this Agreement.

4. **EMPLOYMENT OF DEPARTMENT PERSONNEL.** The GOVERNMENTAL BODY will not employ any person or persons that are employed by the DEPARTMENT for any work required by the terms of this Agreement while they are still employed by the DEPARTMENT.

PART 3 FEDERALLY FUNDED AGREEMENTS

[Not applicable to this Agreement.]

PART 4 SPECIFIC PROVISIONS

A. Invoices. Invoices submitted by the GOVERNMENTAL BODY will be based on the approved annual lump sum amount for completion of Part 5, Scope of Services and as described in Part 6, Compensation for Services. Furthermore, if any of the deliverables in Part 5 are not satisfactorily completed as determined by the DEPARTMENT, the DEPARTMENT will advise the municipality of the deficiencies to be corrected before invoicing will be authorized.

Any invoices/bills issued by the GOVERNMENTAL BODY to the DEPARTMENT pursuant to this Agreement shall be sent to the following address:

Illinois Department of Transportation
District 4
Attn.: Cliff Williams
401 Main Street
Peoria, IL 61602

All invoices shall be signed by an authorized representative of the GOVERNMENTAL BODY.

B. Billing and Payment. All invoices for services performed and expenses incurred by the GOVERNMENTAL BODY prior to July 1st of each year must be presented to the DEPARTMENT no later than July 31st of that same year for payment under this Agreement. Notwithstanding any other provision of this Agreement, the DEPARTMENT shall not be obligated to make payment to the GOVERNMENTAL BODY on invoices presented after said date. Failure by the GOVERNMENTAL BODY to present such invoices prior to said date may require the GOVERNMENTAL BODY to seek payment of such invoices through the Illinois Court of Claims and the Illinois General Assembly. No payments will be made for services performed prior to the effective date of this Agreement. The DEPARTMENT will direct all payments to the GOVERNMENTAL BODY's remittance address listed in this Agreement.

C. Termination. If the DEPARTMENT is dissatisfied with the GOVERNMENTAL BODY'S performance or believes that there has been a substantial decrease in the GOVERNMENTAL BODY'S performance, the DEPARTMENT may give written notice that remedial action shall be taken by the GOVERNMENTAL BODY within seven (7) calendar days. If such action is not taken within the time afforded, the DEPARTMENT may terminate the Agreement by giving seven (7) days written notice to the GOVERNMENTAL BODY. Additionally, the DEPARTMENT or the GOVERNMENTAL BODY may terminate the Agreement by giving the other party ninety (90) days written notice.

In either instance, the GOVERNMENTAL BODY shall be paid for the value of all authorized and acceptable work performed prior to the date of termination, based upon the payment terms set forth in the Agreement.

D. Location of Service. Service to be performed by the GOVERNMENTAL BODY shall be performed as described in Part 5.

E. Ownership of Documents/Title to Work. [Not Applicable To This Agreement]

F. Software. [Not Applicable To This Agreement]

G. Confidentiality Clause. Any documents, data, records, or other information given to or prepared by the GOVERNMENTAL BODY pursuant to this Agreement shall not be made available to any individual or organization without prior written approval by the DEPARTMENT. All information secured by the GOVERNMENTAL BODY from the DEPARTMENT in connection with the performance of services pursuant to this Agreement shall be kept confidential unless disclosure of such information is approved in writing by the DEPARTMENT.

H. Reporting/Consultation. The GOVERNMENTAL BODY shall consult with and keep the DEPARTMENT fully informed as to the progress of all matters covered by this Agreement.

I. Travel Expenses. Expenses for travel, lodging, or per diem is NOT allowed pursuant to this Agreement.

J. Indemnification. Unless prohibited by State law, the GOVERNMENTAL BODY agrees to hold harmless and indemnify the DEPARTMENT, and its officials, employees, and agents, from any and all losses, expenses, damages (including loss of use), suits, demands and claims, and shall defend any suit or action, whether at law or in equity, based on any alleged injury or damage of any type arising from the actions or inactions of the GOVERNMENTAL BODY and/or the GOVERNMENTAL BODY'S employees, officials, agents, contractors and subcontractors, and shall pay all damages, judgments, costs, expenses, and fees, including attorney's fees, incurred by the DEPARTMENT and its officials, employees and agents in connection therewith.

GOVERNMENTAL BODY shall defend, indemnify and hold the DEPARTMENT harmless against a third-party action, suit or proceeding ("Claim") against the DEPARTMENT to the extent such Claim is based upon an allegation that a Product, as of its delivery date under this Agreement, infringes a valid United States patent or copyright or misappropriates a third party's trade secret.

K. Equal Employment Opportunities, Affirmative Action, Sexual Harassment. The GOVERNMENTAL BODY will comply with the Illinois Human Rights Act with respect to public contracts, including equal employment opportunity, refraining from unlawful discrimination and having a written sexual harassment policy.

L. Tax Identification Number.

GOVERNMENTAL BODY certifies that:

- 1. The number shown on this form is a correct taxpayer identification number (or it is waiting for a number to be issued.), **and**
- 2. It is not subject to backup withholding because: (a) it is exempt from backup withholding, or (b) has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified the GOVERNMENTAL BODY that it is no longer subject to backup withholding, **and**
- 3. It is a U.S. entity (including a U.S. resident alien).

NAME OF GOVERNMENTAL BODY: City of Pekin

Taxpayer Identification Number: 30-00006840

Legal Status (check one):

- ☐ Tax-exempt
☐ Nonresident Alien

☒ Government
☐ Other _____

- M. International Boycott.** The GOVERNMENTAL BODY certifies that neither GOVERNMENTAL BODY nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This applies to contracts that exceed \$10,000 (30 ILCS 582).

N. Forced Labor. The GOVERNMENTAL BODY certifies it complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the DEPARTMENT under this Agreement have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

PART 5

SCOPE OF SERVICE/RESPONSIBILITIES

- A. The GOVERNMENTAL BODY agrees to operate and maintain specific portions of the State Highway system that are currently under the DEPARTMENTS jurisdiction, specifically the portions of that system located within the GOVERNMENTAL BODY's boundary as shown in Attachment A:
 AS SHOWN ON THE ATTACHED COMPUTATION SHEET

This maintenance location listing may be modified as appropriate and mutually agreed to by both parties. Such modification shall be reduced to writing and must be approved by the Regional Engineer or his or her designee on behalf of IDOT and by _____ on behalf of the Governmental Body. It is understood these modifications may result in a modification to the total payments under this agreement. However, the parties hereby agree that a formal amendment to the agreement is not necessary to modify the locations nor is a formal amendment necessary to modify a change in cost associated with the change in locations provided the change in amount of total payments is less than 10%.

- B. Maintenance Requirements. The GOVERNMENTAL BODY's maintenance responsibilities include, but are not limited to the following routine services, as necessary:

 - routine surface and pothole repairs
 - temporary full depth patching;
 - removing expansion bumps on bituminous surfaces;
 - sealing cracks and joints;
 - cleaning;
 - picking up litter;
 - controlling snow and ice; and
 - all other routine operational services.

Note: Median maintenance, when applicable, includes the following:

- sweeping;
- picking up litter;
- mowing; and
- repairing surface.

- C. Responsibilities. The GOVERNMENTAL BODY agrees to the following:

 - must obtain written approval from the DEPARTMENT before cutting or opening the curb or the pavement of any highway, which is covered in this AGREEMENT;
 - must undertake all measures, including notifying the DEPARTMENT of the need for legal action, to require utility owners or permit holders to adjust, maintain, repair, and restore all pavement

- cuts, curb openings, utility frames, municipal frames, grates, and covers that are disturbed by settlement, construction, or repair;
- must notify the DEPARTMENT of the need to inform utility owners or permit holders to pay all costs of adjustment, maintenance, repair and restoration;
 - must ensure that the work adheres to all applicable laws, rules and regulations, as well as the DEPARTMENT's standards (the most recent edition of Standard Specifications for Road and Bridge Construction, and subsequent updates); and
 - must request and obtain written approval from the DEPARTMENT's Regional Engineer or his designee before doing any extra work not specifically identified in this AGREEMENT.

PART 6
COMPENSATION FOR SERVICES

- A. Funding: State Funds (Appropriation Code: 011-49405-4472-0200) \$1,051,000 (estimate) 100% Share
- B. Terms and Conditions:
1. GOVERNMENTAL BODY agrees that total payment for each fiscal year from 2016 through 2025 must not exceed the previous year's total payment **plus** cost adjustment. [Cost adjustment means the previous year's total payment x % change of the Construction Cost Index, which is published in the Engineering News Record (January edition for each year)]. Payment for the cost of approved extra work will be added to the total funding as provided in Part 5, last paragraph;
 2. The DEPARTMENT will calculate the compensation for services according to the DEPARTMENT's Bureau of Operations Maintenance Policy Manual, Section 11-800.2.4 Rate of Compensation; and Section 11-800.2.5 Empirical Formula – Municipal Maintenance of State Highways, and send an annual letter to the GOVERNMENTAL BODY notifying it of the new annual Lump Sum approved amount according to the attached Computation Sheet – Municipal Maintenance (Attachment A) under the conditions stated in Section B.1 above;
 3. The GOVERNMENTAL BODY must submit an invoice voucher every 3 months (quarterly), based on the approved annual Lump Sum amount; and
 4. The DEPARTMENT will pay the GOVERNMENTAL BODY's quarterly invoice vouchers on or about September 30, December 31, March 31, and June 30 of each fiscal year, subject to the DEPARTMENT's inspection for satisfactory operation and maintenance of covered streets.

PART 7
CERTIFICATION REGARDING LOBBYING
(49 CFR PART 20)
[NOT APPLICABLE TO THIS AGREEMENT]

PART 8
AGREEMENT AWARD NOTIFICATION
REQUIRED FOR ALL PROJECTS

Does this project receive Federal funds? ☐ Yes ☒ No

Amount of Federal funds: None

Federal Project Number: NA

Name of Project: State Routes Maintenance Agreement

CFDA Number*, Federal Agency, Program Title: NA

*For CFDA (Catalog of Federal Domestic Assistance) Number, refer to original Federal Award/Grant Agreement.

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
CITY OF PEKIN

For the Period
Beginning July 1, 2015 Ending June 30, 2016

CITY OF PEKIN COMPUTATION SHEET - MUNICIPAL MAINTENANCE FY 16																		
ROUTE	SECTION	STREET NAME	FROM	TO	TOTAL WIDTH	BUILT BY	WIDTH	NO. LANES	LOCATION	LENGTH IN FEET	LANE MILES	ADT	ADT/ LANES	SOURCE	RATE PER LN. MI.	ADJ. FACTOR	ROUTE TOTALS	
ILL 9		One Way EB																
		*Margret	Second	Sixth	40' & var	C/S	28	3-of 3	left/center	2434	1.38	5888	1963	2012	421.3	5.91	\$3,436.04	
		Margret	sixth	court & Eighth	40' & var	C/S	30	2 of 2		1079	0.41	7300	3650	2013	532.5	5.91	\$1,290.30	
ILL 9		One Way WB																
		Eighth	court	Broadway	60'	C/S	30'	2 of 4	Center	300	0.11	8400	4200	2013	560	5.91	\$364.06	
		Ann Eliza	Broadway	Ann Eliza	30' & var	C/S	30'	2 of 2	All	300	0.11	8900	4450	2013	572.5	5.91	\$372.18	
ILL 9/29		*Ann Eliza	Fifth	Fifth	30'	C/S	30'	2 of 2	All	1253	0.48	5500	2750	2013	487.5	5.91	\$1,382.94	
		Second	Ann Eliza	Second	36'	C/S	24'	2 Of 3	left/center	1854	0.7	6866	3433	2013	521.65	5.91	\$2,158.07	
		Second	Margaret	Margaret	40'	C/S	40'	3 of 3	All	240	0.14	3550	1183	2013	343.3	5.91	\$284.05	
ILL 9		Two-Way																
		Court	Eighth	160' W. of Hilltop rd.	52'	C/S	10' & 11'	5 of 5	Center	10610	10.05	18925	3785	2013	539.25	5.91	\$32,029.02	
		Court	160' W. of Hilltop Drive	TR93A (Mail Rd.)	52'	C/S	10' & 11'	2 of 4	Center	6072	2.3	11327	5664	2013	613.28	5.91	\$8,336.32	
		Court	300' W. of Pwy	300' W. of Cottage Grove Ave.			4' & var	C & G		600	0.11	23900		2013	330	5.91	\$214.53	
		Court	160' W. of Hilltop Drive	TR93A (Mail Rd.)			4' & var	C & G		6072	1.15			2011	330	5.91	\$2,242.85	
		Court	Valle Vista	Valle Vista			12	1		186	0.04	22800	22800	2013	966	5.91	\$226.00	
ILL 9		Lt. Turn lanes	Valle Vista	Valle Vista			12 var	3		430	0.24	18600	6200	2013	624	5.91	\$885.08	
		3-Lt. Turn EB	Olt	Valle Vista			12 var	2		293	0.11	18600	9300	2013	666	5.91	\$445.97	
		2-Lt. Turn WB	Olt	Barney Dr.			12 var	3		583	0.33	18600	6200	2013	624	5.91	\$1,216.99	
		3-Lt. Turn EB	Barney Dr.	Olt			12 var	2		237	0.09	18600	9300	2013	666	5.91	\$364.88	
		2-Lt. Turn WB	Barney Dr.	Olt			12 var	3		624	0.354	13100	4367	2013	568.35	5.91	\$1,189.07	
		Court	Veterans	Barney Dr.			12 var	3		555	0.315	13100	4367	2013	568.35	5.91	\$1,058.07	
		3-Lt. Turn WB	E of Veterans	Barney Dr.			12 var	1		306	0.06	6550	6550	2013	631	5.91	\$223.75	
		Court	Koch	3rd street connection	40'	C & S	24'	3 of 3	Center	4900	2.79	13250	4417	2013	571	5.91	\$9,415.16	
		Second	N. of Derby				12'	1		210	0.04	13400	13400	2013	768	5.91	\$181.56	
ILL 29		Lt. Turn	S. of Derby	Washington			10'-12'	4 of 4		200	0.04	13100	13100	2013	762	5.91	\$180.14	
		Second	3rd St connection	3rd St.	var	C & S	10'-12'	4 of 4		500	0.38	7500	1875	2013	412.5	5.91	\$926.39	
		Second	Franklin	Washington	var		4' & var	raised		1000	0.19			2011	330	5.91	\$370.56	
		Median		Washington			21'	1		200	0.04	7500	7500	2013	650	5.91	\$153.66	
		Lt. Turn	Second	Franklin	var	C & S	10'-12'	4		500	0.38	7500	1875	2013	412.5	5.91	\$926.39	
		Second	Washington	Margaret	40'	C & S	12'	3 of 3		2550	1.45	7500	2500	2013	475	5.91	\$4,070.51	
		Second	Margaret	Ann Eliza	40'	C & S	12'	3 of 3		220	0.13	3550	1183	2013	343.3	5.91	\$263.76	
		*Second	Court St.	Court St.			12'	1		250	0.05	6000	6000	2013	620	5.91	\$183.21	
		Lt. Turn	2nd st connection	Margaret	30'	C & S	12'	2 of 2		2940	1.11	7050	3525	2013	526.25	5.91	\$3,452.25	
ILL 9		Lt. Turn	3rd st.	Margaret			12'	1		150	0.03	7050	7050	2013	641	5.91	\$113.65	
		*3rd st.	Margaret	Ann Eliza	40'	C & S	12'	2 of 2		220	0.08	4550	2275	2013	452.5	5.91	\$213.94	
		Fifth	Ann Eliza	Charlotte			36'	3 of 3		1576	0.9	11450	3817	2013	540.85	5.91	\$2,876.78	
ILL 29		Fifth	Charlotte	Ann Eliza			38'	3 of 3		513	0.29	11450	3817	2013	540.85	5.91	\$926.96	
		Fifth	Margaret	Ann Eliza			24'	2 of 2		200	0.08	8600	4300	2013	565	5.91	\$267.13	
		Fifth	S of Ann Eliza				10	1		100	0.02	8600	8600	2013	672	5.91	\$79.43	
		Lt. Turn	N. of Margaret				10'	1		100	0.02	8600	8600	2013	672	5.91	\$79.43	
		Fifth	Eighth	Ann Eliza	60'	C & S	10' & var	flush		2164	0.41	8600	8600	2013	165	5.91	\$399.81	
		Median	Fifth	4th N of Colidge Ave.			58'	5 of 5		3700	3.5	19800	3960	2013	673	5.91	\$13,921.01	
TOTAL											Lane miles	30.409					Total amount	\$96,721.89



REQUEST FOR COUNCIL ACTION

To: Mayor and City Council

From: Darin W. Girdler, City Manager

Re: Capital Equipment and Improvements

AGENDA ITEM: Council approval to proceed with financing of up to \$2,067,000 for a term not to exceed seven (7) years for various capital equipment and improvements items so that we are current with our needed replacements and projects.

AGENDA DATE REQUESTED: June 22, 2015

ACTION REQUESTED: Approval to proceed with arranging for the borrowing for the items on the attached list and determining the most appropriate debt structure.

DESCRIPTION: As previously discussed, and as attached, we are behind on some larger purchases and projects that have been delayed. With the very low cost of money right now, we are able to bring ourselves closer to our necessary levels to maintain community expectations for core services – primarily Public Safety and Public Works related.

FINANCIAL IMPACT: Borrowing of approximately \$2,067,000 for a term of no more than seven (7) years. The debt service to repay this obligation would be in proportion to the cost of the items and would be covered in each of the responsible departments over the term of the borrowing.

IMPACT IF APPROVED: Realize an opportunity to get equipment and projects back to a solid operating level.

IMPACT IF DENIED: The City's equipment and infrastructure will continue to deteriorate and we may miss out on the chance to borrow at these historically low interest rates which would be financially irresponsible. Costs of the equipment will continue to increase thereby exacerbating the negative impact.

ALTERNATIVES: Utilize cash instead of borrowing but given our favorable financial condition and the interest levels at which we can borrow at, this is not recommended.

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes. Copy this check mark ✓ and paste it to the left of the relevant theme.]

	A Prosperous Community. To promote and sustain a balanced economy that supports expansion and retention of family-wage jobs.
	A Safe Community. To protect community life and property by providing effective, principled police and fire services.
✓	A Strong Foundation. To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
	A High Quality of Life. To support or provide services that improve the quality of life for Pekin's residents.

√	An Effective Government. To deliver effectively the services that Pekin’s residents want, need, and are willing to support.
REQUIRED SIGNATURES	
Corporation Counsel: Date:	
Finance: Date:	
City Manager: Date:	

RESOLUTION NO. 7-15/16
**A RESOLUTION AUTHORIZING THE FINANCING
OF CAPITAL EQUIPMENT AND IMPROVEMENTS**

WHEREAS, City Manager Darin Girdler, submitted to the City Council a proposal to finance various capital equipment and improvement items so that various departments are current with needed replacements; and

WHEREAS, it has been determined with the very low cost of borrowed funds at this time, that it would be financially irresponsible to allow the City to go below the necessary equipment levels and make certain improvements that maintain community expectations for core services; and

WHEREAS, at the Council Meeting of April 13, 2015, the City Council approved that the City proceed with financing up to \$2,067,000.00 for a term not to exceed seven (7) years for various capital equipment and improvement items; and

WHEREAS, the City Council finds that the best interests of the City are served by acquiring items and projects on the proposed list; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pekin, Tazewell County, Illinois, approves and authorizing the financing of capital items.

PASSED BY THE CITY COUNCIL this _____ day of _____, 2015.

APPROVED BY THE MAYOR this _____ day of _____, 2015.

MAYOR

ATTEST:

CITY CLERK

Proposed Capital items	Detail	Dollars
Sidewalk Improvements	Parkway sidewalk repair and sidewalk maintenance program	75,000.00
Street Maintenance Project	non-MFT approved maintenance repairs such as re-surfacing	200,000.00
Street Repair	4th Street, Koch St, Parkway intersection at Court and others as prioritized per maintenance plan	370,000.00
Two Dump Trucks	1 single axel and 1 tandem with wing replacing a 1998 and 2000	345,000.00
Tornado Siren	replacing a siren that is at end of life and requires major repair	45,000.00
Fire Engine	replaces a 1992 Fire Engine that was scheduled for replacement in 2012	470,000.00
Building Repair	HVAC, Boiler, Security Cameras, Roof on Salt Barn, Paint, Fencing	143,000.00
Five Police Squads	replacing 5 vehicles with >100,000 miles	186,000.00
Demolitions	5 residential demolitions	50,000.00
Garbage Truck	replaces a 2001 Garbage Truck and the 2001 goes to Recycling	183,000.00
Total		2,067,000.00



REQUEST FOR COUNCIL ACTION

To: Mayor and Council

CC: City Clerk

From: Jim Kaminski, Deputy Chief of Police

AGENDA ITEM: Amend Traffic Code Regarding Handicapped Parking Areas

AGENDA DATE REQUESTED: June 22, 2015

ACTION REQUESTED: Designate on-street handicapped stall on the south side of the 600 BLK of State St. just east of the loading zone in front of the walkway to the door to the Second Reform Church.

BACKGROUND: The representative from the Second Reform Church requested a handicap stall on State St. in front of the building. They currently have two handicap stalls in their parking lot south of the building. The elevator is in the front of the church on the State St. side and the new space would be closer than the spaces in the back parking lot.

FINANCIAL IMPACT: One signs at a cost of up to \$100.

NEIGHBORHOOD CONCERNS: No significant concerns.

IMPACT IF APPROVED: Would allow additional ADA parking for the church.

IMPACT IF DENIED: The members of the church would have to travel from the back of the church parking lot to the front of the church where the elevator is located.

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: [check no more than 2 boxes]

- ☐ **A Prosperous Community.** To promote and sustain a balanced economy that supports expansion and retention of Family-way jobs.
- ☒ **A Safe Community.** To protect community life and property by providing effective, principled Police and Fire services.
- ☐ **A Strong Foundation.** To improve and maintain existing infrastructure and leverage opportunities for new infrastructure.
- ☐ **A High Quality of Life.** To support or provide services that improves the quality of life for Pekin's residents.

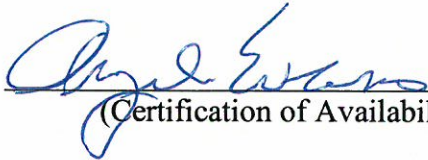
☐ **An Effective Government.** To deliver effectively the services that Pekin's residents want, need, and are willing to support.

REQUIRED SIGNATURES

Department Director

Date

Finance Department


(Certification of Availability of Funds)

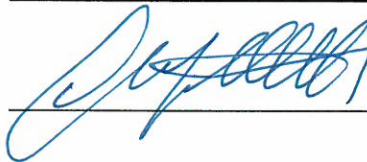
6-17-15

Date

Corporation Counsel

Date

City Manager



06/18/15

Date

CITY OF PEKIN

ORDINANCE NO. 1462-A342-15/16

AN ORDINANCE AMENDING TITLE 8, CHAPTER 4, SECTION 3f.
OF THE CODE OF THE CITY OF PEKIN ~~1995~~
REGARDING HANDICAPPED PARKING SPACES

PASSED BY THE CITY COUNCIL
OF THE CITY OF PEKIN
THE _____ DAY OF _____ 2015

PUBLISHED IN PAMPHLET FORM BY AUTHORITY OF THE CITY
COUNCIL OF THE CITY OF PEKIN, TAZEWELL COUNTY, ILLINOIS,
THIS _____ DAY OF _____ 2015

EFFECTIVE _____,
2015

ORDINANCE NO. 1462-A342-15/16

AN ORDINANCE AMENDING TITLE 8, CHAPTER 4, SECTION 3 F THE CODE OF THE CITY OF PEKIN 1995 REGARDING NO PARKING SCHEDULE

WHEREAS, the City of Pekin is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, and as such may exercise any power and function pertaining to its government and its affairs; and

WHEREAS, the Code of the City of Pekin 1995 was adopted on April 10, 1995, and duly published in book form; and

WHEREAS, the Traffic Safety Committee reviewed a request of a handicap space to be granted at 600 State Street at the TSC meeting on June 5 2015; and

WHEREAS, the Traffic Safety Committee recommends to Council to allow handicap parking only in front of 600 State Street to improve vehicle access.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS:

1. That Title 8, Chapter 4, Section 3. F. be amended by adding the following designated Handicapped Spaces:

Control	On Street	At or From	To	Direction	Location
Handicapped	State St	Sixth St	Eigth St.	facing East	1 space

BE IT FURTHER ORDAINED that all other parts of the Code of the City of Pekin 1995 as amended except as modified herein are hereby reaffirmed and ratified and are in full force and effect.

BE IT FURTHER ORDAINED that all Ordinances or parts of Ordinances in conflict herewith are hereby repealed.

BE IT FURTHER ORDAINED that this Ordinance shall be in full force and effect upon its passage, approval and publication as required by law.

PASSED AND APPROVED at the regular meeting of the City Council of the City of Pekin, this day of , 2015; and upon roll call the vote was as follows:

AYES:

NAYS:

ABSENT:

ABSTAINING:

APPROVED this day of 2015.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATE

THE UNDERSIGNED CERTIFIES THAT SHE IS THE CITY CLERK FOR THE CITY OF PEKIN, ILLINOIS, AND THAT THE CITY COUNCIL AT A REGULARLY CONSTITUTED MEETING OF SAID CITY COUNCIL OF THE CITY OF PEKIN ON THE 26TH DAY OF MAY 2015 ADOPTED ORDINANCE NO. 1462-A342-15/ 16 A TRUE AND CORRECT COPY OF WHICH IS CONTAINED IN THIS PAMPHLET.

GIVEN UNDER MY HAND AND SEAL THIS _____ DAY OF _____ 2015.

(SEAL)

SUE McMILLAN

CITY CLERK

Attachment A



Section from Code Prior to addition of State Street:

- D. Violation of Handicapped Parking: No vehicle shall be parked in a space designated for vehicles for handicapped persons unless such vehicle shall have displayed thereon a handicapped person parking device as set forth in 8-4-3-A.
- E. Regulation of Handicapped Parking Areas: The City may regulate Handicapped Parking Areas on private property if such area is properly designated with a sign in the form and manner prescribed in 625 ILCS 5/11-301. This authority is granted regardless of whether the City has entered into a contract with the property owner.
- F. The following areas are designated as handicapped parking areas:
 (Ord No. 1462-A249 02-13-06) (Ord No. 1462-A262 06-11-07) (Ord. No. 1462-A286 11-24-08)
 (Ord No. 1462-A289 12-22-08) (Ord No. 1462-A320 11-26-12) (Ord. No. 1462-A332 03-24-14)
 (Ord. No. 1462-A333 04-28-14) (Ord. No. 1462-A334 05-27-14) (Ord. No. 1462-A335 07-28-14)
 (Ord. No. 1462-A339 10-27-14)

Control	On Street	At or From	To	Direction	Location
Handicapped	Buena Vista	Washington Street	96' N of Washington	South	(1 space) St Paul's Church
Handicapped	Court Street	N. Fifth Street	N. Fourth Street	West	1st space east of N 4th St.
Handicapped	Court Street	N. Third Street	N. Second Street	West	1st space E of Second St.
Handicapped	Court Street	S. Capitol Street	S. Fourth Street	East	1st space west of apron Courthouse parking lot
Handicapped	Elizabeth Street	S. Fourth Street	Capitol Street	West	1st space west of apron Courthouse parking lot
Handicapped	Elizabeth Street	S. Fourth Street	Capitol Street	West	1st space west of S. Fourth St
Handicapped	Elizabeth Street	S. Fourth Street	Capitol Street	West	2 nd space west of S. Fourth St
Handicapped	Elizabeth Street	S. Fourth Street	Capitol Street	West	3 rd space west of S. Fourth St
Handicapped	Elizabeth Street	S. Capitol Street	S. Fourth Street	East	4 th space E of S Capitol
Handicapped	N. Nineteenth St	South of Sidewalk	Housing Authority	East Side	19 th St 1 space
Handicapped	N. Nineteenth St	Broadway Road	Market Street	North	1st space appr. center of blk
Handicapped	N. Nineteenth St	Broadway Road	Market Street	North	2 nd space appr center of blk
Handicapped	Park Avenue	105' E. of 13 th St	135' E. of 13 th St	West	1 space by Pekin Hospital
Handicapped	S. Capitol Street	323 S. Capitol Street	323 S. Capitol Street	North	323 S. Capitol Street east side of street across
Handicapped	S. Capitol Street	Sabella Street	by City Hall	North	(2 spaces) 195' and 225' West
Handicapped	S. Capitol Street	Elizabeth Street	by Justice Center	South	(1 space) 20' South
Handicapped	S. Capitol Street	352 S. Capitol Street	352 S. Capitol Street	North	352 S. Capitol Street
Handicapped	S. Sixth Street	Broadway Road	St. Joseph Place	South	1 spaces W side str by PO
Handicapped	Sabella Street	Broadway Road	S. Capitol Street	West	1st space E of S Capitol/Elks
Handicapped	Sabella Street	Capitol Street	by City Hall	West	(2 spaces) 90' and 120' North
Handicapped	St. Mary Street	S. Fourth Street	S. Capitol Street	West	1st space W of S 4th/Herget
Handicapped	State Street	Rotary Park Shelter	1115 State St	West	1 st space west of driveway

PARKING LOTS

Handicapped	Water Street	Foot of Court Street	North-South	as marked in parking lot
Handicapped	Parking Lot A			3 spaces #800, 835, 836
Handicapped	Parking Lot B			1 space #313
Handicapped	Parking Lot E			3 spaces #21, 22, 23

8-4-4: **SELLING VEHICLES ON STREETS; PEDDLING FROM VEHICLES:** It shall be unlawful to park any vehicle upon any street for the purpose of displaying it for

ORDINANCE NO. 2730-15/16

**AN ORDINANCE AUTHORIZING THE EXECUTION OF THE LOAN AGREEMENT
AND RELATED DOCUMENTS**

WHEREAS, the Code of the City of Pekin 1995 was adopted on April 10, 1995, and duly published in book form; and

WHEREAS, the City of Pekin is a home rule municipality as described in Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, and as such may exercise any power and function pertaining to its government and its affairs;

WHEREAS, Progressive Health Care (Pekin Hospital) is a significant employer and long standing and positive contributing presence in the Pekin community;

WHEREAS, PHC has a desire and plans to expand their operations and service in the community, to the benefit of the health and safety of its citizens;

WHEREAS, PHC has approached the City for its assistance in a new building project that will provide significant construction jobs, new and permanent medical service jobs, and increased real estate tax revenues, as well as increased quality medical service;

WHEREAS, the requested loan assistance for financing the project will allow Pekin Hospital to move forward now with its planned project, in keeping with its Mission, and will provide a financial return to the City, as well as the long term benefits to the citizens:

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY
OF PEKIN, ILLINOIS:**

SECTION I. That the loan agreement and related documents, effectuating that agreement are hereby approved.

SECTION II. That the Mayor and City Clerk are authorized to execute the loan agreement on behalf of the City of Pekin.

SECTION III. That the City of Pekin, Tazewell County, Illinois, is a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

SECTION IV. All Ordinances or portions thereof in conflict with this Ordinance are hereby repealed.

SECTION V. That this Ordinance shall be in full force and effect upon its passage and approval.

PASSED AND APPROVED at a regular meeting of the City Council of the City of Pekin, this _____ day of _____, 2015; and upon roll call the vote was as follows:

AYES:

NAYS:

ABSENT:

ABSTAINING:

APPROVED this _____ day of _____, 2015.

MAYOR

ATTEST:

CITY CLERK

LOAN AGREEMENT

(Land Acquisition and Construction Loan)

THIS LOAN AGREEMENT (this “Agreement”) made as of this ____ day of _____, 2015, by and between PROGRESSIVE HEALTH SYSTEMS, an Illinois not-for-profit corporation (hereinafter referred to as “Borrower”) and THE CITY OF PEKIN, ILLINOIS, a municipal corporation (hereinafter referred to as the “Lender”).

In consideration of the promises, covenants and agreements herein contained, the parties agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.01. Defined Terms. As used in the Agreement, the following terms have the following meanings:

(a) “Adjusted Total Debt” shall mean total liabilities of the Borrower as defined by GAAP.

(b) “Affiliate” shall mean any entity in which Borrower control that entity or has an ownership interest in that entity. For purposes hereof, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, membership interests by contract or otherwise.

(c) “Agreement” means this Loan Agreement, as amended, supplemented or modified in writing from time to time.

(d) “Architect” means the duly licensed architect providing architectural oversight for the Project on behalf of Borrower.

(e) “Authorized Company Representative” shall mean a party granted the authority to perform certain acts for the Borrower.

(f) “Bank” shall mean Morton Community Bank, as lender to the Lender.

(g) “Building” shall have the meaning as set forth in [Section 2.01\(a\)\(iii\)](#).

(h) “Certificate” shall have the meaning as set forth in [Section 6.06](#) below.

(i) “Closing” or “Closing Date” shall mean September 1, 2015.

(j) “Completion Date” shall have the meaning as set forth in the Project Schedule.

(k) “Construction Contracts” means all Contracts and related work orders entered into or issued in connection with the construction of the Project.

(l) “Construction Disbursement” means any Loan disbursement paid out by the Title Company in connection with the Project construction.

(m) “Construction Escrow Agreement” shall have the meaning as set forth in Article VI.

(n) “Construction Schedule” means the proposed construction schedule for the Project as provided to Lender in connection herewith.

(o) “Contract” means any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

(p) “Contractor” means any party entering into a Construction Contract with Borrower or an agent or representative thereof thereby agreeing to provided services or supplies in connection with the Project.

(q) “Engineer” means a duly licensed engineer retained to provide engineering consultation and oversight for the Project on behalf of Borrower.

(r) “Equipment” shall have include the items to be purchased, installed and operated in the Building, as further specified in Exhibit C, attached hereto and incorporated herein

(s) “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

(t) “ERISA Affiliate” shall mean (i) any corporation which is now, or was at any time, a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as the Company or any predecessor thereof; (ii) any partnership, trade or business (whether or not incorporated) which is now, or was at any time, under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with the Company or any predecessor thereof; and (iii) any entity, which is now, or was at any time, a member of the same affiliated service group (within the meaning of Section 414(m) of the Internal Revenue Code) as the Company or any predecessor thereof, or any corporation described in clause (i) or any partnership, trade or business described in clause (ii).

(u) “Event of Default” shall have the meaning specified in [Section 13.01](#).

(v) “GAAP” means generally accepted accounting principles in the United States.

(w) “Indebtedness” means and includes any and all of Borrower’s liabilities, obligations, debts and indebtedness to Lender pertaining to the Project, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, and debts of Borrower.

(x) “Loan” shall have the meaning as set forth in [Section 2.01](#) below.

(y) “Loan Documents” means this Agreement, the Note, the Construction Mortgage, Assignment of Rents and Security Agreement, the Uniform Commercial Code filings, the Collateral Assignment of Note, Mortgage and Loan Documents, and any other documents executed in regard to this Loan.

(z) “Loan Opening” means the initial funding of the Loan hereunder.

(aa) “Loan Proceeds” means any and all amounts disbursed by Lender under the Loan.

(bb) “Mortgage” means that certain Construction Mortgage, Assignment of Leases and Rents and Security Agreement executed by Borrower in favor of Lender of even date herewith.

(cc) “Note” shall have the meaning specified in [Section 2.01](#).

(dd) “Obligations” means any and all Indebtedness and liabilities of Borrower to Lender of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether now existing or hereafter contracted or arising, including all extensions and renewals thereof and future advances, and all interest, taxes, advances, costs, expenses and attorneys’ fees chargeable to Borrower or incurred by Lender under this Agreement or any Loan Document.

(ee) “Permits” shall have the meaning as set forth in [Section 6.04\(b\)](#) below.

(ff) “Permitted Encumbrances” shall have the meaning as set forth in [Section 11.01](#) below.

(gg) “Person” means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

(hh) “Plans and Specifications” means all blueprints, architectural renderings and other drawings and plans related to the Project as made available to Lender.

(ii) “Project” shall have the meaning specified in [Section 2.01\(c\)](#).

(jj) “Project Budget” means the proposed budget for the Project as provided to Lender in connection herewith, a copy of which is attached as Exhibit A.

(kk) “Property” or “Real Estate” shall mean the entirety of the real property described in Exhibit B to this Agreement and any other real property hereinafter pledged as collateral for the Loan.

(ll) “Subcontractor” means any party agreeing or contracting with a contractor to provide services or supplies in connection with the Project.

(mm) “Title Company” shall mean Peoria Title Company, agent for First American Title, 415 Hamilton Blvd., Peoria, Illinois 61604, phone: 309-677-7752, or such other title company reasonably acceptable to Lender.

(nn) “Title Insurance Policies” means the Owner's title policy and a simultaneously issued Lender's title policy issued in favor of Lender in connection with the Real Estate and the Building.

Section 1.02. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principle consistent with those applied in the preparation of the financial statements referred to in [Section 8.03](#), and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles.

ARTICLE II

AMOUNT AND TERMS OF LOAN

Section 2.01. Subject to the terms and conditions of this Agreement, Lender agrees to make the following loan (“Loan”) to Borrower: A non-revolving multiple advance land acquisition and construction loan pursuant to a mortgage note of even date herewith (the “Note”) in an amount up to Twelve Million and no/100 Dollars (\$12,000,000.00).

(a) The Note shall have a term of sixty (60) months and Borrower may make draws during the first eighteen (18) months of the Loan with repayments being made on the following terms:

(i) monthly payments of accrued interest only on the outstanding balance shall be paid during the first eighteen (18) months of the loan; and

(ii) beginning with the March 2017 payment and monthly thereafter, Borrower shall make monthly payments of interest and principal, to be established to amortize the remaining outstanding principal balance of the loan over twenty (20) years; and

(iii) the entire amount of principal, interests and any other costs chargeable to Borrower under the Note shall be due at the Maturity Date as defined in the Note.

(b) Interest on the outstanding balance under the Construction Mortgage Note shall accrue at the fixed rate of 3.75%.

(c) The proceeds of the Loan shall be used to (i) fund the acquisition of the Property, (ii) to fund the construction and build-out of a medical office building (the "Building"), including but not limited to pre-construction costs for architects, surveying and engineering costs and other consultants' costs, and (iii) to fund the purchase and installation of Equipment in the Building (collectively the "Project").

(d) The loan shall be repaid pursuant to either (i) Borrower's revenue, or (ii) sale of the Project, or (iii) subsequent refinancing.

Section 2.02. Disbursement Conditions. Disbursements of the Loans shall be subject to the provisions set forth below in this Agreement, including [ARTICLE IV](#) through [ARTICLE XI](#).

ARTICLE III

SECURITY FOR THE LOAN

Section 3.01. Real Estate Construction Mortgage. In order to secure payment of the Indebtedness, Borrower shall mortgage to Lender as a first priority security interest free and clear of all liens and with good and valid title in Borrower's interest in the Property.

Section 3.02. Uniform Commercial Code. Borrower shall cooperate with Lender to file appropriate Uniform Commercial Code statements over the Equipment, pursuant to the terms of the security interest provided in the Mortgage.

Section 3.03. Collateral Assignment of Note, Mortgage and Loan Documents. Provided that Borrower's rights shall remain undisturbed under the terms of the Loan Documents, Borrower shall provide consent to a collateral assignment of Note, Mortgage and Loan Documents executed by the City in favor of Bank.

ARTICLE IV

CONDITIONS PRECEDENT

Lender shall not be obligated to make any Loans or to disburse any monies thereunder until it has received to its satisfaction the following:

Section 4.01. Flood Certification. Receipt of evidence that the Real Estate is not located in a flood plain.

Section 4.02. Signed Loan Documents. The executed Loan Documents.

Section 4.03. Evidence of Insurance.

(a) Insurance policies and certificates or other proof of insurance, including Builder's All Risk insurance, and satisfactory to Lender in accordance with the terms of the Loan Documents. Proof at Closing that the insurance premiums are paid shall be submitted. Borrower shall also deliver to the Lender insurance policies, or certificates evidencing the existence of such insurance policies, which policies or certificates shall be in form and issued by companies satisfactory to the Lender. All of the aforementioned policies or certificates shall state that the Lender is an additional insured or shall name the Lender as Mortgagee, and each such policy shall state that no cancellation thereof shall be effective without thirty (30) days prior written notice to the Lender. Further, such policies shall be maintained throughout the entire term of the Loan.

(b) Any insurance required to be carried by Borrower pursuant to this Agreement (other than title insurance) may, by agreement of Borrower and any tenant, be supplied by a tenant under an insurance policy(ies), self-insurance or pursuant to a master policy of insurance or so-called blanket policy of insurance covering other locations of tenant or its corporate affiliates, or any combination thereof; provided, however, that Borrower shall not be permitted to rely on any tenant's self-insurance during any period that (i) the tenant does not maintain a net worth of at least \$100,000,000.00, or (ii) tenant's credit rating falls below BBB+ pursuant to Standard and Poor's (or such similar rating agency evidencing a similar level of credit if Standard and Poor's shall no longer exist or shall no longer provide credit rating services.

In the event the Borrower either fails to provide the Lender with evidence of the insurance coverage required by this Section or at any time hereafter shall fail to obtain or maintain any of the policies of insurance required above, or to pay any premium in whole or in part relating thereto, then the Lender, without waiving or releasing any obligation or default by the Borrower hereunder (but shall be under no obligation to so act), may at any time after providing ten (10) days written notice to Borrower, obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto, which the Lender deems advisable. This insurance coverage (a) may, but need not, protect the Borrower's interests in such property, including, but not limited to, the collateral, and (b) may not pay any claim made by, or against, the Borrower in connection with such property, including, but not limited to, the collateral. The Borrower may later cancel any such insurance purchased by the Bank, but only after providing the Lender with evidence that the Borrower has obtained the insurance coverage required by this Section. If the Bank purchases insurance for the collateral, the Borrower will be responsible for the costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the principal amount of the revolving Loan owing hereunder. The costs of the insurance

may be more than the cost of the insurance the Borrower may be able to obtain on its own.

Section 4.04. Title Commitment. Lender shall be in receipt of an acceptable title commitment from the Title Company for an ALTA Loan Commitment (“Title Commitment”) in an amount reasonably determined by Lender but not to exceed the maximum Loan proceeds insuring Lender, and that upon Closing the Mortgage shall be valid first, prior and paramount lien on Borrower’s interest in the Real Estate. Borrower shall pay for any extra charges involved with covering the gap occurring between the effective date of the commitment and the Closing, for extended coverage over general exceptions 1-5 of the Title Commitment and a draw endorsement for the Property.

Section 4.05. Plat of Survey. A survey prepared by a registered land surveyor, delineating the lot lines, improvements, easements, parking areas and other physical and record title matters affecting the Property by buildings located off the Property. The legal description of the survey shall be the same legal description as that used in the Loan Documents and the title insurance policy.

Section 4.06. Payment of All Costs. Borrower shall pay all costs incurred by the Lender in connection with this commitment or the Loan, including, but not limited to, a non-refundable loan fee of \$60,000.00 at the time of Loan Opening (which is fully earned and payable to Lender), legal fees related to the preparation of commitment letter and Loan Documents, title and recording charges, engineering and inspection fees, and any costs associated therewith. All costs associated with the Loan or acquisition or improvement of the Real Estate and borne by Borrower prior to the initial funding of the Loans shall be verified to the Lender in a manner satisfactory to the Lender prior to any funding of the Loan.

Section 4.07. Property Ordinances and Municipal Regulations. The Property complies, or shall comply, when constructed with all subdivision, zoning, building occupancy and other applicable laws, ordinances, rules and regulations of every federal, state, and municipal authority having jurisdiction over the Property, that all permits have been validly issued, and that the Real Estate and the improvements are not jointly assessed with any property which does not stand as security under this commitment.

Section 4.08. Company Documents. The Borrower shall deliver to the Lender (a) a certified copy of the Articles of Incorporation issued by the Illinois Secretary of State; (b) a certified copy of the Bylaws; (c) a Certificate of Good Standing issued by the Illinois Secretary of State no earlier than 30 days prior to Closing; and (d) certified copies of resolutions of the members authorizing the borrowing by the Borrower contemplated herein.

Section 4.09. Opinion of Counsel. Opinion of Borrower's Counsel covering the representations set forth in Paragraphs 8.01 and 8.02.

ARTICLE V
LENDER'S OBLIGATION TO DISBURSE PROCEEDS OF LOANS

Section 5.01. Lender agrees that it shall promptly review and approve all applications pertaining to the annexation and development of the Property, including but not limited to: petitions for annexation and annexation agreements, applications for zoning, platting and subdivision, and building permits, provided such petitions and applications meet the requirements of applicable statutory provisions and municipal ordinances.

Section 5.02. Lender agrees that it shall faithfully perform under the terms and provisions of its loan agreement with Bank for \$12,000,000.00 ("Bank Loan") to ensure the funds are available and promptly delivered upon approval of any Request for Advance (as set forth on Article VII), shall faithfully perform under the Bank Loan so as not to create a default thereunder, and Lender shall immediately notify Borrower of any default or its receipt of any notice of default under the terms of its Bank Loan.

Section 5.03. Lender agrees, upon Borrower's compliance with all conditions precedent set forth in [ARTICLE IV](#) above to open the Loans provided that at the time of the Loan Opening:

(a) all conditions precedent to that disbursement have been satisfied, including without limitation performance of all the then pending obligations of Borrower under this Agreement and the other Loan Documents;

(b) as to the Loan, Lender shall be satisfied as to the continuing accuracy of the Project Budget and Construction Schedule;

(c) no Event of Default has occurred and is continuing under this Agreement or under any other Loan Document and no event, circumstance or condition has occurred or exists which, with the passage of time or the giving of notice, or both, would constitute an Event of Default under this Agreement or under the other Loan Documents;

(d) no litigation or proceedings are pending or threatened (including proceedings under Title Eleven of the United States Code) against Borrower or the Real Estate, which litigation or proceedings, in the reasonable judgment of Lender, could materially and adversely affect Borrower's ability to complete the Project;

(e) all representations and warranties made by Borrower to Lender herein or in any other Loan Documents continue to be true and accurate in all material respects;

(f) If the proposed disbursement is a Construction Disbursement:

(i) Lender shall have received evidence reasonably satisfactory to it that all the Loan Proceeds disbursed to date have been applied to

payment of costs of the construction on the Project and other costs set forth in the Project Budget;

(ii) Lender shall have received evidence reasonably satisfactory to it that the construction on the Real Estate is being done in accordance with the Plans and Specifications and with applicable law, and that sufficient funds exist to complete the Project; and

(iii) Lender shall have received information reasonably satisfactory to it that the Construction Contracts are in full force and effect.

ARTICLE VI

CONSTRUCTION REQUIREMENTS PRECEDENT TO A CONSTRUCTION DISBURSEMENT

Construction draws shall be made through the Title Company pursuant to the terms and provisions of a standard construction escrow agreement of the Title Company ("Construction Escrow Agreement"). Prior to each Construction Disbursement, Borrower shall furnish or cause to be furnished to Lender for Lender's review, and the Title Company for the Title Company's review and approval the following:

Section 6.01. Executed Contracts. Executed copies of Construction Contracts with architects and engineers and all Construction Contracts which have been let, including purchase orders for all fixtures and equipment to be installed as required for the operation of the Real Estate.

Section 6.02. Owners Statement. A sworn statement from Borrower setting forth a description of all Construction Contracts let by Borrower for the design, engineering, construction, and equipping of the Building, setting forth the name or names of the Contractor or Subcontractors, the date of the Contracts and of any supplements or amendment thereto, the scope of the work covered thereby, and the aggregate amounts payable to the Contractors or subcontractors thereunder.

Section 6.03. Contractor's Statement. Initial sworn statements of the Contractor to whom payments have been made, approved by Borrower and Architect, covering all work done and to be done, together with waivers of lien and affidavits relating to such lien waivers covering all work and materials for which payments have been made with respect to the Project.

Section 6.04. Permits. Copies of or such other written evidence satisfactory to Lender that:

(a) all utility and municipal services required for the construction, occupancy and operation of the Real Estate are available for use and tap-on on the Real Estate, subject only to payment of fees included in the Project Budget, or will be available after construction thereof as provided in the Construction Contracts, subject only to payment of costs and fees included in the Project Budget;

(b) all governmental permits and licenses (“Permits”), including building permits, curb-cuts and highway access permits issued by the appropriate governmental authority authorizing construction on the Project in accordance with the Plans and Specifications and including tap-on permits, required by applicable law to construct and occupy the Project have been issued, are in full force and all fees therefor have been fully paid or, if the stage of construction of the Project does not allow such issuance, then such permits and licenses will be issued if and when the Project is constructed in accordance with the Plans and Specifications;

(c) the storm and sanitary sewage disposal system, the water system and all mechanical systems serving the Real Estate do (or when constructed will) comply with all applicable environmental, pollution control and ecological laws, ordinances, rules and regulations, and the applicable environmental protection agency, pollution control board and/or other governmental agencies having jurisdiction of the Real Estate have issued their permits for the construction and operation thereof or will issue such permits as and when required; and

(d) a certificate of the Architect or Engineer reciting that Borrower has secured all necessary permits, licenses, easements, authorizations and approvals and listing all such services, permits, licenses and easements, together with copies of all Permits and all utility letters, licenses and grants of easements.

Section 6.05. Contracts. The Construction Contracts and the Architect’s Contract.

Section 6.06. Certificate. Certificates (each, a “Certificate”) from the Architect and/or Engineer, or other evidence satisfactory to Lender, that:

(a) The Plans and Specifications are, and that the Building will be, when completed in accordance therewith, in full compliance with all applicable building, zoning and other such similar laws and ordinances;

(b) When construction is completed, the improvements will not encroach upon any recorded, visible or other easement on the Real Estate;

(c) Except as disclosed in writing by Borrower to Lender concurrently herewith, the Plans and Specifications are complete in all respects, containing all detail necessary for construction of the improvements which, when built and equipped in accordance therewith, shall be ready for occupancy and that the Plans and Specifications meet all federal, state and local governmental requirements;

(d) All permits, licenses and governmental approvals necessary for construction on the Real Estate have been issued (or noting exceptions from such coverage);

(e) All utility services, sanitary water supply, storm sewer and sanitary sewer facilities required for the construction, occupancy and operation of the

Building are presently available for use at the Real Estate or are available for use and tap-on at the boundaries of the Real Estate; and

(f) Adequate ingress and egress to the Real Estate over public streets and rights of way is and will be available during the period of construction on the Project and thereafter.

Section 6.07. Additional Documents. Any additional documents as reasonably required by the Title Company.

ARTICLE VII CONSTRUCTION PAYOUT REQUIREMENTS WITH RESPECT TO ALL DISBURSEMENT

Section 7.01. Applicability of Paragraphs. The provisions contained in this [ARTICLE VII](#) shall apply to all Construction Disbursements, and Lender may delegate its review and approval authority hereunder to Bank and Title Company.

Section 7.02. Periodic Disbursements. After the Loan Opening, further disbursements shall be made from time to time as construction progresses.

Section 7.03. Documentation for Disbursements. As a condition precedent to each disbursement of the Loan Proceeds, Borrower shall furnish or cause to be furnished to Lender and the Title Company at least three (3) business days before the disbursement the following documents or performances, as the case may be, covering each disbursement:

(a) Borrower's disbursement request ("Request For Advance") in a form designated by Lender or the Title Company specifying the amount of the requested disbursement (exclusive of interest) directing Lender to disburse such funds in accordance with this Agreement, and certifying to Lender, as of the date of the applicable request for disbursement, that:

(i) the total amount of each request for disbursement (exclusive of interest) represents the actual amount payable to the Contractor and/or Subcontractors who have performed work on the Real Estate and other costs payable as provided for in the Project Budget and indicating what payment requests, if any, have been received by Borrower from the Contractors or the Subcontractors but have not yet been approved by Borrower for payment;

(ii) no Event of Default exists under this Agreement or the other Loan Documents and no default, condition or event which with the giving of notice or passage of time, or both, would constitute an Event of Default, (unless Borrower is diligently attempting to cure such default, condition or event and it appears that Borrower is capable of accomplishing such cure within the applicable cure period permitted hereunder) under this Agreement or the other Loan Documents;

(iii) the representations and warranties contained in this Agreement are true and correct;

(iv) Borrower has received no notice and has no knowledge of any liens or claims of lien either filed or threatened against the Real Estate except the liens of Lender, and those being contested as provided in [Section 11.01\(c\)](#);

(v) all amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to such payment;

(vi) approval by Borrower of all work and materials for which a payment is then due and for which disbursement of the Loan is thereby requested;

(vii) that all work and materials theretofore furnished for the Real Estate conform with the Plans and Specifications;

(viii) copies of all Construction Contracts, as then in effect, have been delivered to Lender; and

(ix) approval of Request for Advance by Architect as provided in [Section 7.03\(e\)](#).

(b) Contractors' and Subcontractors' sworn statements and waivers of lien, covering all work for which disbursement is to be made to a date specified therein, and covering all work, to a current date, otherwise paid for or to be paid for by Borrower or Lender in compliance with the Illinois mechanics' lien laws and with the requirements of the Lender and Title Company, together with such invoices, contracts, or other supporting data as Lender and Title Company may require.

(c) If requested by Lender, disclaimers from suppliers of fixtures and equipment of any vendor's lien or purchase money security interest therein and evidence satisfactory to Lender that all fixtures and equipment are and will remain free of security interests of all kinds other than security interests of the Lender.

(d) Endorsements to the Title Insurance Policy to cover the amount and date of the disbursement (whether into escrow or otherwise) insuring that the Mortgage is a valid first lien on the Real Estate subject only to Permitted Encumbrances and an interim mechanic's lien endorsement satisfactory to Lender.

(e) The Engineer or Architect shall each furnish Lender with a statement as to the latest date upon which they have inspected the work and has approved in writing all work completed to that date.

(f) Disbursement for materials purchased by Borrower but not yet installed or incorporated into the Real Estate may be made without Lender's prior approval provided that the materials involved have been delivered to the Real Estate or stored with a bonded and insured warehouseman, with satisfactory evidence that said materials purchased are insured and are suitably and securely stored. Borrower shall provide Lender, in connection with such materials, a copy of a bill of sale or other evidence of title in Borrower.

(g) An updated Construction Schedule and Project Budget indicating the status of completion of construction.

Section 7.04. Direct Payments. Lender may, in its reasonable discretion, make (or cause the escrowee to make) payments for the cost of construction of the improvements directly to any Contractor, Subcontractor, materialman, or to any vendor of fixtures and equipment. Prior to the Loan Opening, and from time to time thereafter, Lender or the Title Company may forward a contact verification to any Contractor and any or all Subcontractors listed on a sworn statement issued by Borrower to confirm the terms and amount of the Construction Contracts. In the event of any discrepancy between the terms and amounts as shown by the Construction Contracts, the sworn statements, and the verifications, Lender may require, as a condition to further disbursements, that such discrepancies be eliminated to its satisfaction.

Section 7.05. Distinction Between Various Retainages. It is the intention hereof that the retainage resulting from payment of only a percentage of the value of the work is to furnish assurance that Contractor and each Subcontractor (with respect to work to be actually performed by it) will be provided with an incentive for prompt completion of the work, and that said retention is entirely separate and distinct from any contingency fund.

Section 7.06. Change Orders. Borrower shall not make change orders to the Plans and Specifications that will increase the cost of the Project in excess of the Loan amount without the prior written consent of Lender. Borrower shall be solely responsible for payment of any and all costs incurred in excess of the Loan amount.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

The Borrower hereby warrants and represents unto the Lender, each such warranty and representation to remain true and in effect so long as any Obligations of the Borrower to the Lender remains unpaid, that:

Section 8.01. Good Standing. Borrower is an Illinois not-for-profit corporation, validly existing and in good standing under the laws of the State of Illinois. The Borrower has the lawful power and authority to own its properties and to carry on its business as now conducted, is qualified to do business and is in good standing in the State of Illinois.

Section 8.02. Legally Enforceable Loan Documents. The Loan Documents will be, legal, valid, and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that such enforcement may be

limited by applicable bankruptcy, insolvency, and other similar laws affecting creditor's rights generally.

Section 8.03. Financial Statements And Other Records. The financial statements of Borrower furnished to Lender are complete and correct and fairly present the financial conditions of Borrower as of such dates and the results of the operations of Borrower for the periods covered by such statements, all in accordance with GAAP consistently applied. There are no material liabilities, fixed or contingent, which are not reflected in the financial statements.

Section 8.04. Solvent Financial Condition. The present value of Borrower's assets is greater than the amount required to pay their liabilities, after giving effect to the Obligations incurred hereunder, and Borrower is and will be able to pay its debts as they mature and will maintain such solvent condition, as long as Borrower is obligated to Lender.

Section 8.05. Other Agreements. Borrower is not in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to Borrower's business.

Section 8.06. Absence of Adverse Condition or Claims. Borrower represents that there is no judgment, decree or order outstanding, or litigation or governmental proceeding or investigation pending or to the best of its knowledge threatened against Borrower, which might have a material adverse effect upon its position, financial, operating or otherwise.

Section 8.07. No Defaults On Outstanding Judgments Or Orders. Borrower to the best of its knowledge has satisfied all judgments, and Borrower is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state, municipal, or other governmental authority, commission, board, bureau, agency, or instrumentality, domestic or foreign.

Section 8.08. Taxes. Borrower has filed all tax returns (federal, state, and local) required to be filed and have paid all taxes, assessments, and governmental charges and levies thereon to be due, including interest and penalties.

Section 8.09. Compliance with Environmental Law.

(a) A Phase 1 Environmental Assessment Report has been prepared on the Real Estate, a copy of which has been provided to Lender; to Borrower's knowledge after due investigation, no environmental contamination has occurred on the Real Estate since the date of said report.

(b) Reference is hereby made to the Mortgage executed on the same date as this Agreement. The Section on "Compliance With Environmental Law" in the Mortgage is hereby set forth herein as if it were fully restated in this Agreement. Borrower agrees that Borrower will comply with all Applicable Environmental Laws during the term of the Loan. Borrower shall give Lender notice immediately of receipt of any notice from any governmental authority of a violation of any Applicable Environmental Law.

(c) Medical Waste. Notwithstanding anything to the contrary contained herein, Borrower may use, generate, and temporarily store on the Premises Hazardous Material typically used, generated, and stored in connection with activities customarily undertaken in a medical office (such Hazardous Material is hereinafter called "Medical Waste"); provided, however that Borrower must store, handle, remove, and dispose of the Medical Waste in compliance with all applicable governmental requirements pertaining to any Hazardous Material. Borrower shall be responsible, at Borrower's sole cost and expense, for the disposal of such Medical Waste in accordance with all applicable laws and regulations. If Borrower fails to dispose of such Medical Waste in accordance with the provisions of this Agreement, Lender may, but is not required, to dispose of same and Borrower shall pay Lender for the cost thereof as a loan advance hereunder. Nothing contained in this Agreement shall be deemed to impose an obligation on Lender to see that Borrower properly disposes of Medical Waste stored or generated on the Premises.

Section 8.10. Use of Land. The Real Estate currently and after completion of the Project will not violate or conflict with any applicable law, statute, ordinance, rule, regulation or order, including the City of Pekin Zoning ordinances.

Section 8.11. Permits. All governmental permits and licenses required by applicable law to construct, occupy and operate the Building on the Real Estate have been, or will be, issued, as the improvements are completed.

Section 8.12. Damage to Improvements on Real Estate. If any of the improvements on the Real Estate are destroyed or damaged, then Borrower shall repair such damage or destruction to its preexisting condition as soon as reasonably possible.

Section 8.13. Indemnity. Borrower shall indemnify and hold Lender harmless from any and all claims and costs (including attorneys' fees) asserted against Lender or the Real Estate by any person, entity, or governmental body, or arising out of or in connection with the Real Estate, improvements, or Project, except for any such claims or costs that are the result of the gross or willful negligent acts or omissions of the Lender. Lender shall be entitled to appear in any action or proceeding to defend itself against such claims and shall, in its sole discretion, be entitled to settle or compromise any asserted claims against it, and such settlement shall be binding upon Borrower for purposes of this indemnification. All amounts paid by Lender under this paragraph shall be secured by the Mortgage and shall be deemed an additional principal advance under the Loan, payable upon demand, and shall bear interest at the rate applicable to the Loan.

Section 8.14. Survival. All of the representations and warranties set forth in this Article V shall survive and continue to be true, complete and correct until all Obligations of the Borrower are paid and satisfied in full and this Agreement shall have been terminated.

ARTICLE IX

COVENANTS FOR CONSTRUCTION LOANS

Borrower further covenants, promises and agrees that:

Section 9.01. Construction of the Project. That the Project and improvements will be constructed in a good and workmanlike manner with materials of high quality and in accordance with the approved Plans and Specifications and all applicable laws, ordinances and regulations. Borrower shall construct the Project and improvements with due diligence in accordance with the Construction Schedule and the Project Budget, and shall complete the Project in accordance with the terms and conditions of this Agreement and the Loan Documents on or before the Completion Date. Borrower agrees that all materials contracted for or purchased for construction on the Real Estate and all labor hired or contracted for with respect to construction on the Project and paid for with Loan Proceeds will be used and employed solely in connection with the Project and for no other purpose.

Section 9.02. Inspection by Lender. That Borrower shall cooperate with Lender in arranging for inspection by any representatives of the Lender as Lender may require, of the progress of construction from time to time.

Section 9.03. Proceedings. If any proceedings are filed or are threatened to be filed seeking to (a) enjoin or otherwise prevent or declare invalid or unlawful the construction, occupancy, maintenance or operation of the Real Estate or any portion thereof; (b) adversely affect the validity or priority of the liens and security interest granted Lender hereby; or (c) materially adversely affect the financial condition of Borrower or the ability of Borrower to complete the Construction, then Borrower will notify Lender of such proceedings and within five (5) business days following Borrower's notice of such proceedings, Borrower will cause such proceedings to be contested in good faith, and in the event of any adverse finding or decision, prosecute all allowable appeals therefrom. Borrower will, without limiting the generality of the foregoing, resist the entry or seek the stay of any temporary or permanent injunction that may be entered, and use its best efforts to bring about a favorable and speedy disposition of all such proceedings.

Section 9.04. Restrictive Covenants/Recording. Borrower will comply with all restrictive covenants affecting the Real Estate. Borrower will not record or permit to be recorded any document, instrument, agreement or other writing against the Real Estate without the prior written consent of Lender, which consent shall not be unreasonably withheld.

Section 9.05. Prevailing Wage. Borrower will ensure that all Construction Contracts comply with the Illinois Prevailing Wage Act.

ARTICLE X

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any Obligations of the Borrower to the Lender remain unpaid, and all other of its Obligations hereunder either have been paid or performed in full, and unless prior written consent of the Lender is obtained to the contrary, the Borrower will:

Section 10.01. Notification of Certain Events. Furnish and deliver to the Lender immediately acquiring knowledge of the occurrence thereof, notice of any Event of Default or of any fact, condition or event that with the giving of notice or passage of time or both, could become an Event of Default, or of the failure by the Borrower to observe any of its undertakings hereunder; immediately after acquiring knowledge of the occurrence thereof, notice of any default under any debt, or under any indenture, mortgage or other agreement relating thereto for which the Borrower is liable.

Section 10.02. Taxes. Promptly pay and discharge when due all taxes, assessments and other governmental charges imposed upon it, or upon its income, profits or property, and all claims for labor, material or supplies which, if unpaid, might by law become a lien or charge upon its property; provided, however, that it shall not be required to pay any tax, assessment, charge or claim if so permitted by law, so long as the validity thereof shall be contested in good faith by appropriate proceedings and adequate reserves therefor shall be maintained on its books.

Section 10.03. Maintenance of Property. Maintain its equipment and the Real Estate in good condition and repair (normal wear and tear excepted), pay and discharge or cause to be paid and discharged when due, the costs of repairs to or maintenance of the same, and pay or cause to be paid all rental or mortgage payments due on the same except if it is in good faith contesting by appropriate proceedings such amounts due and is maintaining adequate reserves for such liability.

Section 10.04. Financial Reporting. Borrower shall furnish to Lender such financial information, which shall be considered proprietary, privileged and confidential information, as follows:

- (a) Fiscal Year-end Financial Statements of Borrower including a balance sheet and statement of income, unqualified and audited, annually, no later than one hundred twenty (120) days after the end of each fiscal year-end;
- (b) Interim Financial Statements of Borrower, internally prepared by Borrower, including a balance sheet and statement of income, quarterly, no later than thirty (30) days after the end of each quarter; and
- (c) Bond rating reports.

Section 10.05. Existence and Compliance. Maintain its existence, maintain all rights, privileges, franchises, permits and approvals necessary or desirable for the continuation of its business, and comply with the requirements of all material agreements to which it is a party or by which any of its assets is bound, and all applicable Laws, including Environmental Laws, and orders of any Governmental Authority, noncompliance with which would materially adversely affect its business, properties, condition, financial or otherwise, or ability to repay its Obligations.

Section 10.06. Inspection. Subject to the conditions of Borrower's inspection rights under any lease that may be entered into, permit any of the Lender's representatives to

examine and inspect the Real Estate and improvements, all at such reasonable times as may be reasonably requested.

Notwithstanding anything contained herein to the contrary, in accordance with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d through d-8 ("HIPAA"), if Borrower receives or creates Protected Health Information ("Protected Information"), as defined in HIPAA, in connection with its use under this Agreement, Lender and Borrower agree that, to the extent they are required to, both parties shall comply with all applicable provisions of HIPAA (including without limitation, the applicable provisions of the Administrative simplification section of HIPAA) and any regulations promulgated thereunder.

Section 10.07. Project Construction. Diligently continue construction efforts on the Project to its completion.

ARTICLE XI

NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as any Obligations of the Borrower to the Lender remains unpaid, and unless prior written consent of the Lender is obtained to the contrary, it will not:

Section 11.01. Liens. Create, incur, assume or suffer to exist any mortgage, encumbrance or lien upon or with respect to the Real Estate except (each, a "Permitted Encumbrance"):

- (a) Liens in favor of the Lender;
- (b) Liens for taxes or assessments or other government charges or levies if not yet due and payable or, if due and payable, if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained;
- (c) Liens imposed by law, such as mechanics', materialmen's, landlords', warehousemen's and carriers' liens, and other similar liens, securing Obligations incurred in the ordinary course of business which are not past due for more than sixty (60) days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established. If a lien claim is filed, but suit not commenced by the lien claimant within sixty (60) days, Borrower shall be required to cause the title insurer to insure over the lien claim or provide the Lender with a bond satisfactory to Lender to cover the lien claim;
- (d) Liens under workmen's compensation, unemployment insurance, social security, or similar legislation;
- (e) Liens, deposits, or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), or public or

statutory obligations; surety, stay, appeal, indemnity, performance, or other similar bonds; or other similar obligations arising in the ordinary course of business; or

(f) Encumbrances, conditions and restrictions as may appear in the title commitment or title policy prepared by the Title Company for the Real Estate and identified on Exhibit D, attached hereto and incorporated herein.

Section 11.02. Mergers, Etc. Merge or consolidate with, or sell, assign, lease, or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or acquire all or substantially all of the assets or the business of any one Person. Notwithstanding the foregoing, a merger or consolidation or transfer of assets to an Affiliate shall be permitted upon prior written notice to the Lender provided that (i) any personal or corporate guaranty for a Loan is reaffirmed and ratified in connection with any such transaction, and (ii) no subsequent merger, consolidation or transfer of assets from the surviving or receiving Affiliate transfer of ownership rights in said Affiliate shall be permitted without the Lender's prior written consent if said subsequent transaction would not likewise constitute a transaction with an Affiliate.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Default. The occurrence of any of the following events or conditions shall, at the option of the Lender, constitute an Event of Default hereunder:

(a) default be made in the due and punctual payment under any loan or either Note or any payment due in accordance with the terms thereof, either of principal or interest which continues after ten (10) days; or

(b) the Borrower shall file a petition in bankruptcy for liquidation or reorganization, or any similar law, state or federal, whether now or hereafter existing, or any answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or stay of involuntary proceedings within sixty (60) days, as hereinafter provided; or

(c) the Borrower shall dissolve or be adjudicated bankrupt, or a trustee or a receiver shall be appointed for the Borrower or for all of the property of Borrower or the major part thereof in any involuntary proceeding, or any court shall have taken jurisdiction of the property of the Borrower, or the major part thereof, in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Borrower and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days; or

(d) the Borrower shall make an assignment for the benefit of creditors, or shall in writing admit its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or

(e) default shall be made in the due observance or performance or a material misrepresentation shall be made of any of the covenants, agreements or conditions required to be kept or performed or observed by the Borrower pursuant to the Loan Documents, then and in every such case the whole of the Indebtedness hereby secured shall become immediately due and payable at the option of Lender, following written notice providing thirty (30) days to cure any non-monetary default, and further provided that if a non-monetary default is incapable of being cured within the thirty (30) day period, then the time to cure shall be extended for such reasonable additional time as may be necessary to complete the cure as long as the Borrower uses due diligence in exercising such cure and the cure is completed within sixty (60) days after the initial written notice from Lender; or

(f) if any of the Loan Documents ceases to be in full force and effect (including failure of any of the Loan Documents to create a valid and perfected security interest or lien) provided, however, that there shall be reasonable time and a good faith effort given by both Borrower and Lender to remedy the defective collateralization prior to default, as long as such cure period does not extend beyond sixty (60) days;

(g) Any of the events described in Section 11.02, except as otherwise permitted pursuant to Section 11.02.

ARTICLE XIII

REMEDIES

Section 13.01. Effect of an Event of Default; Remedies. Upon the occurrence of any Event of Default and at any time thereafter, Lender may, at its option, but without any obligation to do so, and in addition to any other right Lender may have, do any one or more of the following with five (5) days prior written notice to Borrower: (a) Cancel this Agreement; (b) Institute appropriate proceedings to enforce the performance of this Agreement; (c) Withhold further disbursement from the Loan Account; (d) Expend funds necessary to remedy the default; (e) Take possession of the Real Estate and continue construction of the Project; (f) Accelerate maturity of the Note and/or Indebtedness and demand payment of all sums due under the Note and/or Indebtedness; (g) Bring an action on the Note Indebtedness; (h) Foreclose the Mortgage on the Real Estate in any manner available under law; and (i) Exercise any other right or remedy which it has under the Note or Loan Documents or which is otherwise available at law or in equity or by statute.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Notice. Any notice required or given hereunder shall be deemed to have been given when sent certified mail, or personally delivered:

(a) If to the Lender to: City of Pekin
Attn: _____

111 South Capitol Street
Pekin, IL 61554

with a copy to:

Eliff, Dancey & Bosich
Attn: Burt Dancey
109 S. Fourth Street
Pekin, IL 61554

(b) If to the Borrower to:

Progressive Health Systems
Attn: Bob J. Haley
600 S. 13th Street
Pekin, IL 61554

with a copy to:

Hinshaw & Culbertson LLP
Attn: Douglass Marshall
416 Main Street, 6th Floor
Peoria, IL 61602

Section 14.02. Governing Law; Jurisdiction. This Agreement, including the rights and duties hereunder, shall be governed by the laws of the State of Illinois. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Tazewell County, the State of Illinois.

Section 14.03. **LENDER AND BORROWER HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER LENDER OR BORROWER AGAINST THE OTHER.**

Section 14.04. Descriptive Headings. Titles to paragraphs are for information purposes only.

Section 14.05. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 14.06. Conflict of Agreement with other Loan Documents. Should the provisions of this Agreement conflict with other Loan Documents, the terms of this Agreement shall control.

Section 14.07. Materiality. Each request in the Loan Documents for notice from Borrower to Lender of Borrower's receipt of such items as notices of violation from the State of Illinois or other such similar notices is to be considered material if the content of the information which is the subject of the notice rises to the level that a reasonable lender would want the contents disclosed. In such case, Borrower shall give notice to Lender.

Section 14.08. Term. The obligation of the Borrower hereunder shall continue until all amounts due under the Loan Documents are paid in full.

Section 14.09. Confidential and Proprietary Information. Subject to the requirements of the Illinois Freedom of Information Act 5 ILCS 140/1 et seq. (the "Act") and its obligations upon the Lender, Lender warrants that it will not at any time during or after the term of this Agreement disclose any private information or any proprietary, privileged or confidential of the Borrower (as defined in the Act) and that such information as may be provided to Lender is exempt from disclosure. For purposes of this Agreement, "Proprietary, Privileged or Confidential Information" includes, but is not limited to: financial results, statements or other information of the Borrower; Borrower's internal information regarding the planning of the Project or Building, and information and documents regarding Borrower's communications, agreements and discussions with third parties.

Section 14.10. Borrower's Receipt of Approvals. Borrower's obligations under the terms of the this Agreement are contingent upon the receipt of approval no later than the Closing Date from:

- (a) The Board of Directors of the Borrower;
- (b) US Bank as Master Trustee of the Progressive Health Systems Bond Series 1993 and Bond Series 1997 (together, the "Indentures"); and
- (c) US Bank as the holder of the debt under the Indentures.

(Remainder of page intentionally left blank; signature page follows.)

IN WITNESS WHEREOF, the undersigned have caused this Loan Agreement to be executed on the day and year first noted above.

BORROWER:

LENDER:

PROGRESSIVE HEALTH SYSTEMS

THE CITY OF PEKIN

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: MAYOR

ATTEST:

By: _____

Name: _____

Its: CITY CLERK

CONSENT AND APPROVAL

US Bank, in its capacity as Master Trustee under the indentures related to the Progressive Health Systems Bond Series 1993 and Bond Series 1997, and as holder of the debt under the Indentures, hereby approves the terms of this Loan Agreement and consents to the execution of this Loan Agreement and Loan Documents described herein by Progressive Health Systems.

US BANK

By: _____

Name: _____

Its: _____

EXHIBIT A

Project Budget

(To be completed post-closing)

Acquisition of Real Estate: \$1,300,000.00, plus closing costs

Surveys, Phase I Environmental Assessment Report, Engineering:

Municipal Approvals including Zoning and Annexation:

Materials:

EXHIBIT B

Legal Description

PRELIMINARY LEGAL DESCRIPTION OF PROPERTY

6.3 acres from the following larger 31.91 acre parcel, the larger parcel being described as:

All that part of the Southeast Quarter of the Northeast Quarter of Section 7 lying South of the right of way of the C.C.C. and St. L. R.R., containing 35.75 acres, as shown on plat of said Northeast Quarter of Section 7 recorded in Plat Book "I", page 85;

EXCEPTING THEREFROM all that part conveyed by Warranty Deed recorded May 3, 2002 as document no. 200200013415, more particularly described as follows: Commencing at the Southwest corner of the Southeast Quarter of the Northeast Quarter of Section 7 and running thence South 85 degrees 39 minutes 24 seconds East (assumed bearing), on and along the South line of said Northeast Quarter of Section 7 a distance of 4580.84 feet to the Point of Beginning for the tract herein described; thence North 44 degrees 02 minutes 20 seconds East, a distance of 1349.03 feet to the East line of said Section 7; thence South 04 degrees 05 minutes 09 seconds West, on and along said east line of Section 7, a distance of 186.87 feet to a point; thence south 44 degrees 02 minutes 20 seconds West, a distance of 1106.17 feet to said South line of the Northeast Quarter of Section 7; thence North 85 degrees 39 minutes 24 seconds West, on and along said South line of the Northeast Quarter of Section 7, a distance of 155.95 feet to the Point of beginning, situated in Tazewell County, Illinois.

Parcel Identification Number: part of 11-11-07-203-003

EXHIBIT C
Equipment
TO BE SUPPLIED POST-CLOSING

EXHIBIT D

Permitted Encumbrances

- (a) Real estate taxes not yet due and payable
- (b) Schedule B-II items referenced in the title commitment

CONSTRUCTION MORTGAGE NOTE

(Land Acquisition and Construction)

\$12,000,000.00

September 1, 2015

1. **DATE AND PARTIES.** This non-revolving draw Note, ("Note") is executed as of September 1, 2015. This Note evidences a loan which includes all extensions, renewals, modifications and substitutions ("Loan"). Unless otherwise noted, capitalized terms herein have the same meaning as set forth in the parties' Loan Agreement of even date herewith. The Loan Agreement and all subsequent modifications and amendments are hereinafter collectively referred to as the "Loan Agreement". The parties to this Note and Loan are:

LENDER: City of Pekin
Attn: _____
111 South Capitol Street
Pekin, IL 61554

BORROWER: Progressive Health Systems
Attn: Bob J. Haley
600 S. 13th Street
Pekin, IL 61554

2. **PROMISE TO PAY.** For value received, Borrower promises to pay to Lender's order at its office at the above address, or such other place as Lender may designate, amounts advanced from time to time under the terms of this Note up to the maximum outstanding Principal balance of Twelve Million Dollars (\$12,000,000.00) ("Principal"), plus interest on unpaid amounts drawn against the maximum principal sum from the date of disbursement to accrue at the rate of interest ("Interest Rate") that equates to the fixed rate of 3.75% per annum.

Interest shall be computed on the basis of a 365/360 basis; that is by applying the ratio of the Interest Rate over a year of 360 days, multiplied by the outstanding Principal balance, multiplied by the actual number of days the Principal balance is outstanding. All interest payable under this Note is computed using this method.

The Borrower shall make payments as follows:

- a. Commencing on October 1, 2015 and continuing on the 1st day of each month for thereafter until March 2017, monthly payments of accrued and unpaid interest;
- b. Commencing on March 1, 2017 and on the first day of each month thereafter, Borrower shall make monthly payments of Principal and interest, to be established to amortize the remaining outstanding Principal balance of the Loan over a twenty-year period; and

- c. The balance drawn against the maximum Principal sum plus all accrued and unpaid interest and any other amounts due under this Note shall be due on August 31, 2020 ("Maturity Date").

These provisions shall remain in effect until this Note matures or the obligation is accelerated.

- 3. **ADVANCES.** Advances under this Note shall be made according to the terms and conditions set forth under the Loan Agreement. This shall be a non-revolving line of credit loan, and once the total amount of Principal has been advanced Borrower is not entitled to further advances.
- 4. **INTEREST.** The interest rate and other charges on this Note will never exceed the highest rate or charge allowed by law for this Note. The amount assessed or collected on this Note is authorized by the Illinois Usury Laws under 815 ILCS 205.
- 5. **APPLICATION OF PAYMENTS.** All payments, including but not limited to regular payments or prepayments, received by Lender shall be applied first to accrued unpaid interest, then to Principal and the balance, if any, to late charges.
- 6. **EVENTS OF DEFAULT.** Borrower shall be in default upon the occurrence of any of the following events, circumstances or conditions, ("Events of Default"):
 - a. Failure by any party obligated on this Note or any other obligations Borrower has with Lender to make payment within ten (10) days after said payment is due; or
 - b. An Event of Default (as defined in the Loan Agreement) has occurred under the Loan Agreement.
- 7. **DEFAULT RATE OF INTEREST.** If there is a default in this Note, the rate of interest, at Lender's option, on or after the occurrence of an Event of Default may immediately be increased by 5% above the Interest Rate ("Default Rate"), effective as of the date of default, whether or not Lender accelerates the maturity, and interest shall accrue thereafter at the resulting rate until the default is cured under the Note or until all obligations under this Note are paid in full, whichever first occurs. Unless Lender has accelerated the maturity, Lender shall, within ten (10) days following the effective date of such interest rate increase, notify Borrower of the fact that the interest rate has been increased pursuant to this provision.
- 8. **REMEDIES ON DEFAULT.** On or after the occurrence of an Event of Default, at the option of Lender, all or any part of the principal and accrued interest on this Note, the Loan and all other obligations which Borrower owes Lender may become immediately due and payable. Lender may exercise all rights and remedies provided by law, equity, this Note, the Loan Agreement or any other Loan Document. By choosing or failing to pursue any remedy, Lender does not waive its right to use any other remedy if an Event of Default continues or occurs again.

9. **COLLECTION EXPENSES.** On or after an Event of Default, Lender may recover from Borrower all fees and expenses in collecting, enforcing and protecting liabilities and reasonable expenses in realizing on any security incurred by Lender, plus expenses of collecting and enforcing this Note. The foregoing fees and expenses shall include, but not be limited to, Lender's reasonable attorneys' fees and legal expenses.
10. **SECURED NOTE.** This Note is secured by the terms and conditions as set forth in the Construction Mortgage, Assignment of Leases and Rents and Security Agreement over the Real Estate of even date herewith. This Note is further secured by all security interests, liens, pledges, assignments and encumbrances currently existing or hereinafter provided by or for Borrower to Lender in connection with the Loan Agreement, this Note and/or any other Loan Documents related thereto.
11. **LATE CHARGE.** If a payment is eleven (11) days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.
12. **PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due.
13. **BANKRUPTCY.** Borrower specifically agrees that if Borrower files for protection or if an involuntary bankruptcy is filed, under any chapter of the United States Bankruptcy Code, that Lender shall be entitled to relief from the Automatic Stay imposed by §362 of the Bankruptcy Code, as amended, or any Stays imposed by §105 of the Bankruptcy Code, as amended, or any other provision that may be added to the Bankruptcy Code, which acts as a Stay against a creditor. Borrower specifically states that Borrower waives any and all opposition to relief from the Automatic Stay or any Stays imposed by the Bankruptcy Code with respect to the claim and/or claims of Lender arising out of the Note. Borrower further states that this provision shall constitute "cause" as said term is defined under 11 USC §362(D)(1) to terminate the Automatic Stay or any Stays imposed by the Bankruptcy Court. Borrower specifically acknowledges that Lender may utilize this provision to immediately seek termination of the Automatic Stay and/or other Stays imposed by the Bankruptcy Court so that Lender may proceed with collection of the Note.
14. **GENERAL PROVISIONS.**
 - a. **AMENDMENT.** The provisions contained in this Note may not be amended, except through a written amendment which is signed by Borrower and Lender.
 - b. **INTEGRATION CLAUSE.** This written Note and the Loan Documents represent the entire understanding between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.
 - c. **FURTHER ASSURANCES.** Borrower agrees, upon request of Lender and within the time Lender specifies, to provide any information, and to execute, acknowledge, deliver and record or file such further instruments or documents as may be required by Lender to secure this Note or confirm any lien.

- d. GOVERNING LAW. This Note shall be governed by the laws of the State of Illinois, provided that such laws are not otherwise preempted by federal laws and regulations.
- e. NOTICE. All notices under this Note must be in writing. Any notice given by Lender to Borrower or by Borrower to Lender hereunder will be effective upon receipt by the respective party at the address indicated below the respective party's name on page one of this Note. Such addresses may be changed by written notice to the other party.
- f. RECEIPT OF COPY. By signing below, Borrower acknowledges that Borrower has read and received a copy of this Note.

IN WITNESS WHEREOF, the Borrower has executed this Note to be effective as of the date first written above.

BORROWER:

PROGRESSIVE HEALTH SYSTEMS

By: _____

Name: _____

Its: _____

**CONSTRUCTION
MORTGAGE,
ASSIGNMENT OF
LEASES AND RENTS
AND SECURITY
AGREEMENT**

THIS CONSTRUCTION MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT made as of the 1st of September, 2015, by and between PROGRESSIVE HEALTH SYSTEMS, an Illinois not-for-profit corporation (hereinafter referred to as "Mortgagor") in favor of THE CITY OF PEKIN, ILLINOIS, a municipal corporation (hereinafter referred to as "Mortgagee");

W I T N E S S E T H:

THAT, WHEREAS, the Mortgagor is justly indebted to the Mortgagee upon the Construction Mortgage Note ("Note" or "Mortgage Note") in the principal sum of up to TWELVE MILLION AND NO/100 DOLLARS (\$12,000,000.00), of even date herewith, made payable to the order of and delivered to the Mortgagee, in and by which said Note the Mortgagor promises to pay the principal sum and interest at the rate or variable rates as provided in the Note, together with obligations under other loan documents of even date herewith ("Loan Documents"). The Maturity Date of the Note is August 31, 2020. The word "Loan Documents" shall have the same meaning as ascribed to it in the Loan Agreement of even date herewith. Notwithstanding anything contained herein to the contrary, in no event shall the Indebtedness (as defined in the Loan Agreement and including obligations under the Loan Documents) exceed an amount equal to \$14,000,000.00 plus any interest owed thereon, provided, however, in no event shall Mortgagee be obligated to advance funds in excess of the face amount of the Note.

NOW, THEREFORE, the Mortgagor, to secure the payment of the principal sum of money and interest in accordance with the terms, provisions and limitations of this Mortgage, and of the Note secured hereby, the Indebtedness, and the performance of the covenants and agreements herein contained by the Mortgagor to be performed, and also in consideration of the sum of ONE DOLLAR (\$1.00) in hand paid, the receipt whereof is hereby acknowledged, does by these presents, MORTGAGE, GRANT, REMISE, RELEASE, ALIEN AND CONVEY unto the Mortgagee, its successors and assigns, the real estate identified in **Exhibit A** attached hereto and made a part hereof and all of its estate, right, title and interest therein situated, lying and

being in the County of Tazewell, and State of Illinois which, with the property hereinafter described, is referred to herein as the “Premises”;

TOGETHER with:

(A) All of the easements, rights, privileges, franchises, tenements, hereditament and appurtenances now or hereafter thereunto belonging or in any way appertaining thereto, and all of the estate, right, title, interest, claim and demand whatsoever of Mortgagor therein or thereto, either at law or in equity, in possession or in expectancy, now owned or hereafter acquired;

(B) All structures, buildings and improvements of every kind and description owned by Mortgagor now or at any time hereafter located or placed on the Premises (the “Improvements”);

(C) All furniture, furnishings, fixtures, goods, equipment, inventory or personal property owned by Mortgagor and now or hereafter located on, attached to or used in and about the Improvements, including, but not limited to, all machines, engines, boilers, elevators, tanks, cabinets, awnings, screens, shades, blinds, carpets, draperies, lawn mowers, and all appliances, plumbing, heating, air conditioning, lighting, ventilating, refrigerating, disposals and incinerating equipment, and all fixtures and appurtenances thereto, and such other goods and chattels and personal property owned by Mortgagor as are now or hereafter used or furnished in operating the Improvements, or the activities conducted therein, and all building materials and equipment hereafter situated on or about the Premises or Improvements, and all warranties and guaranties relating thereto, and all additions thereto and substitutions and replacements therefor (exclusive of any of the foregoing owned or leased by tenants of space in the Improvements);

(D) All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, and other emblements now or hereafter located on the Premises or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, tenements, hereditaments and appurtenances, reversions and remainders whatsoever, in any way belonging, relating or appertaining to the Premises or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor;

(E) All water, ditches, wells, reservoirs and drains and all water, ditch, well, reservoir and drainage rights which are appurtenant to, located on, under or above or used in connection with the Premises or the Improvements, or any part thereof, whether now existing or hereafter created or acquired;

(F) All minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above the Premises;

(G) All leases, licenses, concessions and occupancy agreements of the Premises or the Improvements now or hereafter entered into and all rents, royalties, issues, profits, bonus money, revenue, income, rights and other benefits (collectively, the “Rents and Profits”) of the Premises or the Improvements, now or hereafter arising from the use or enjoyment of all or any portion thereof or from any present or future lease (including, without limitation, oil, gas and mineral leases), license, concession, occupancy agreement or other agreement pertaining thereto or arising from any of the Contracts (as hereinafter defined) or any of the General Intangibles (as

hereinafter defined) and all cash or securities deposited to secure performance by the tenants, lessees or licensees, as applicable, of their obligations under any such leases, licenses, concessions or occupancy agreements, whether said cash or securities are to be held until the expiration of the terms of said leases, licenses, concessions or occupancy agreements or applied to one or more of the installments of rent coming due prior to the expiration of said terms;

(H) All contracts and agreements now or hereafter entered into covering any part of the Premises or the Improvements (collectively, the “Contracts”) and all revenue, income and other benefits thereof, including, without limitation, management agreements, service contracts, maintenance contracts, equipment leases, personal property leases and any contracts or documents relating to construction on any part of the Premises or the Improvements (including plans, drawings, surveys, tests, reports, bonds and governmental approvals) or to the management or operation of any part of the Premises or the Improvements;

(I) All present and future monetary deposits given by Mortgagor to any public or private utility with respect to utility services furnished to any part of the Premises or the Improvements;

(J) All present and future funds, and all rights, interest and privileges which Mortgagor has or may have as developer or declarant under any covenants, restrictions or declaration now or hereafter relating to the Premises or the Improvements and all notes or chattel paper now or hereafter arising from or by virtue of any transactions related to the Premises or the Improvements (collectively, the “General Intangibles”);

(K) All water taps, sewer taps, certificates of occupancy, permits, licenses, franchises, certificates, consents, approvals and other rights and privileges now or hereafter obtained in connection with the Premises or the Improvements owned by Mortgagor and all present and future warranties and guaranties relating to the Improvements or to any equipment, fixtures, furniture, furnishings, personal property or components of any of the foregoing now or hereafter located or installed on the Premises or the Improvements owned by Mortgagor;

(L) All building materials, supplies and equipment now or hereafter placed on the Premises or in the Improvements owned by Mortgagor and all architectural renderings, models, drawings, plans, specifications, studies and data now or hereafter relating to the Premises or the Improvements owned by Mortgagor;

(M) All right, title and interest of Mortgagor in any insurance policies or binders now or hereafter relating to the Premises, including any unearned premiums thereon;

(N) All proceeds, products, substitutions and accessions (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards; and

(O) All other or greater rights and interests of every nature in the Premises or the Improvements and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Mortgagor;

AND FURTHER ASSIGNS AND GRANTS to Mortgagee for the benefit of Mortgagee a continuing security interest in the following, whether now or hereafter existing or acquired, and solely related to the Premises:

- (a) all equipment of the Mortgagor located at the Premises; and
- (b) all fixtures of the Mortgagor located at the Premises.

TO HAVE AND TO HOLD the Premises and all pledged collateral unto the Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

NOTWITHSTANDING any provision hereof to the contrary, this Mortgage shall secure all future advances made in connection with the Loan within twenty (20) years from the date hereof, whether such advances are obligatory or are made at the option of the Mortgagee or otherwise and whether or not such advances are evidenced by the Note, to the same extent as if such advances were made on the date of execution and delivery hereof, with interest on such future advances at the rate set forth in the Mortgage Note of even date herewith. All covenants, warranties and agreements contained in this Mortgage shall be equally applicable to future advances.

IT IS UNDERSTOOD AND AGREED THAT: Borrower shall pay or cause to be paid the Indebtedness when due, punctually perform or cause to be performed all of the obligations, in full, under any Loan Documents, and commit or suffer no act or even which (upon notice or the passage of time or both) would constitute a Default under any of the Loan Documents.

IT IS FURTHER UNDERSTOOD AND AGREED THAT:

2. MAINTENANCE, REPAIR AND RESTORATION OF IMPROVEMENTS, PAYMENT OF PRIOR LIENS, ETC. Mortgagor shall: (a) promptly repair, restore or rebuild any buildings or improvements constructed during the term of this Mortgage, or which are hereafter constructed or installed on the Premises which may become damaged or be destroyed to substantially the same character as prior to such damage or destruction; (b) keep said Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien whether superior or subordinate to the lien hereof (except as expressly provided herein); (c) immediately pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof (no such superior lien exists except for taxes which are a lien but are not yet payable, to be permitted hereunder), and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagee; (d) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Premises; (e) comply with all requirements of law, municipal ordinances, and covenants, easements and restrictions of record with respect to the Premises and the use thereof provided that Mortgagor shall be allowed to contest the validity of said liens, requirements, ordinances and covenants as long as it does so in good faith and with all due diligence and further provided that such contest will not jeopardize the value of Mortgagee's security and Mortgagor furnishes Mortgagee with adequate security as reasonably determined by Mortgagee; and (f) pay each item of Indebtedness secured by this Mortgage when due according to the terms hereof or of the Note, together with all interest thereon, and all other sums at any time secured by this Mortgage.

3. **PAYMENT OF TAXES.** Mortgagor shall pay before any penalty or interest attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and all other charges against the Premises of any nature whatsoever when due, and shall, upon written request, furnish to Mortgagee duplicate receipts thereof. Subject to the terms hereof, Mortgagor shall have the right to contest taxes pursuant to applicable laws.

4. **INSURANCE.** Until the Indebtedness secured hereby is fully paid, all buildings and improvements upon the Premises and all fixtures, equipment and property owned by the Mortgagor or its beneficiaries and therein contained or installed shall be kept unceasingly insured against loss and damage by such hazards, casualties and contingencies in such amount and for such periods as may from time to time be required by Mortgagee. All insurance shall be written in standard policies and by insurance companies approved by Mortgagee. All policies of insurance and renewals thereof shall have attached thereto standard clauses naming Mortgagee as a loss payee acceptable to Mortgagee, and all policies of insurance shall provide that coverage cannot be terminated except upon thirty (30) days written notice to both Mortgagee and Mortgagor. At Mortgagee's option all policies shall, with all premiums fully paid, be delivered to Mortgagee as issued at least thirty (30) days before the expiration of old policies and shall be held by Mortgagee until all Indebtedness secured hereby is fully paid. In case of sale pursuant to foreclosure of this Mortgage or other transfer of title to the Premises and extinguishment of the Indebtedness secured hereby, complete title to all policies held by Mortgagee and to all prepaid or unearned premiums thereon shall pass to and vest in the purchaser or grantee. Mortgagee shall not by reason of accepting, rejecting, approving or obtaining insurance incur any liability for payment of losses.

Without in any way limiting the generality of the foregoing, Mortgagor covenants and agrees to maintain insurance coverage on the Premises to include:

- (a) Comprehensive General Public Liability and Property Damage Insurance in the amount of One Million Dollars (\$1,000,000.00) combined single limit for claims arising from any accident or occurrence in or upon the Premises with excess coverage in the amount of \$1,000,000.00.
- (b) Fire and casualty insurance policy insuring the Improvements on the Real Property.
- (c) Insurance for Construction ("Builder's Risk") to be provided, not less than ten (10) days prior to the commencement of any work under.

Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Mortgagee is included thereon under a standard mortgagee clause acceptable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to Mortgagee the policy or policies of such insurance.

In the event the Borrower either fails to provide the Lender with evidence of the insurance coverage required by this Section or at any time hereafter shall fail to obtain or maintain any of the policies of insurance required above, or to pay any premium in whole or in

part relating thereto, then the Lender, without waiving or releasing any obligation or default by the Borrower hereunder (but shall be under no obligation to so act), may at any time after providing ten (10) days written notice to Borrower, obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto, which the Lender deems advisable. This insurance coverage (a) may, but need not, protect the Borrower's interests in such property, including, but not limited to, the collateral, and (b) may not pay any claim made by, or against, the Borrower in connection with such property, including, but not limited to, the collateral. The Borrower may later cancel any such insurance purchased by the Bank, but only after providing the Lender with evidence that the Borrower has obtained the insurance coverage required by this Section. If the Bank purchases insurance for the collateral, the Borrower will be responsible for the costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the principal amount of the revolving Loan owing hereunder. The costs of the insurance may be more than the cost of the insurance the Borrower may be able to obtain on its own.

5. ADJUSTMENT OF LOSSES WITH INSURER AND APPLICATION OF PROCEEDS OF INSURANCE. In case of loss or damage by fire or other casualty, Mortgagee and Mortgagor jointly shall have the right to adjust and compromise any losses and to execute releases or other documents as may be required by the insurance companies. If (i) such loss is less than Two Million Dollars (\$2,000,000) ("Threshold"), and (ii) no Event of Default or event that, with the passage of time, the giving of notice or both, would constitute an Event of Default then exists, then Mortgagor is permitted to agree with the insurance company or companies on the amount to paid in regard to such loss and Mortgagee shall endorse to Mortgagor any such payment. If the loss exceeds the Threshold, then Mortgagee is permitted to agree with the insurance company or companies on the amount to be paid in regard to such loss. Mortgagee is authorized to collect and receive any such insurance money and it shall be used to reimburse Mortgagor for the cost of rebuilding or restoration of buildings on said Premises; Mortgagee may apply such insurance money to the reduction of the Indebtedness secured hereby only if Mortgagor is then in default under the Note. The buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the proceeds are made available by the Mortgagee to reimburse the Mortgagor for the cost of the rebuilding or restoration, any surplus which may remain out of the insurance proceeds after payment of such cost of rebuilding or restoration shall, at the option of the Mortgagee, be applied on account of the Indebtedness secured hereby or be paid to any party entitled thereto and under the conditions that the Mortgagee may require. No interest shall be allowed to Mortgagor on any proceeds of insurance held by the Mortgagee.

6. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; MORTGAGEE IN POSSESSION. As part of the consideration for the Indebtedness evidenced by the Note and Loan Documents, Mortgagor hereby absolutely and unconditionally assigns and transfers to Mortgagee all the rents and revenues of the Premises, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Premises, regardless of to whom the rents and revenues of the Premises are payable. Mortgagor hereby authorizes Mortgagee or Mortgagee's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Premises to pay such rents to Mortgagee or Mortgagee's agents; however, unless prior written notice has been given by

Mortgagee to Mortgagor of a breach by Mortgagor of any covenant or agreement of Mortgagor in this Instrument, Mortgagor shall collect and receive all rents and revenues of the Premises as trustee for the benefit of Mortgagee, and Mortgagor shall apply the rents and revenues so collected to the sums secured by this Instrument or to real estate taxes due and payable on the Premises, so long as no such breach has occurred, to the account of Mortgagor, it being intended by Mortgagor and Mortgagee that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Mortgagee to Mortgagor of the breach by Mortgagor of any covenant or agreement of Mortgagor in this Instrument, and without the necessity of Mortgagee entering upon and taking and maintaining full control of the Premises in person, by agent, or by a court-appointed receiver, Mortgagee shall immediately be entitled to possession of all rents and revenues of the Premises as specified in this Paragraph 6 as the same become due and payable, including, but not limited to, rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Mortgagor as trustee for the benefit of Mortgagee only; provided, however, that the written notice by Mortgagee to Mortgagor of the breach by Mortgagor shall contain a statement that Mortgagee exercises its rights to such rents. Mortgagor agrees that commencing upon delivery of such written notice of Mortgagor's breach by Mortgagee to Mortgagor, each tenant of the Premises shall make such rents payable to and pay such rents to Mortgagee or Mortgagee's agents on Mortgagee's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Mortgagor.

Mortgagor hereby covenants that Mortgagor has not executed any prior assignment of said rents, that Mortgagor has not performed, and will not perform, any acts or has not executed, and will not execute, any instrument which would prevent Mortgagee from exercising its rights under this Paragraph 6, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any of the rents of the Premises for more than two (2) months prior to the due dates of such rents. Mortgagor covenants that Mortgagor will not hereafter collect or accept payment of any rents of the Premises more than two (2) months prior to the due dates of such rents. Mortgagor further covenants that Mortgagor will execute and deliver to Mortgagee such further assignments of rents and revenues of the Premises as Mortgagee may from time to time request.

Upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Instrument, Mortgagee may, in person, by agent, or by a court-appointed receiver, regardless of the adequacy of Mortgagee's security, enter upon and take and maintain full control of the Premises in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Premises, the making of repairs to the Premises, and the execution or termination of contracts providing for the management or maintenance of the Premises, all on such terms as are deemed best to protect the security of this Instrument. In the event Mortgagee elects to seek the appointment of a receiver for the Premises upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Instrument, Mortgagor hereby expressly consents to the appointment of such receiver. Mortgagee or the receiver shall be entitled to receive a reasonable fee for so managing the Premises.

All rents and revenues collected subsequent to delivery of written notice by Mortgagee to Mortgagor of the breach by Mortgagor of any covenant or agreement of Mortgagor in this Instrument shall be applied first to the costs, if any, of taking control of and managing the Premises and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Premises, premiums on insurance policies, taxes, assessments and other charges on the Premises, and the costs of discharging any obligation or liability of Mortgagor as lessor or landlord of the Premises and then to the sums secured by this Instrument. Mortgagee or the receiver shall have access to the books and records used in the operation and maintenance of the Premises and shall be liable to account only for those rents actually received. Mortgagee shall not be liable to Mortgagor, anyone claiming under or through Mortgagor, or anyone having an interest in the Premises by reason of anything done or left undone by Mortgagee under this Paragraph 6.

If the rents of the Premises are not sufficient to meet the costs, if any, of taking control of and managing the Premises and collecting the rents, any funds expended by Mortgagee for such purposes shall become indebtedness of Mortgagor to Mortgagee secured by this Instrument pursuant to Paragraph 6 hereof. Unless Mortgagee and Mortgagor agree in writing to other terms of payment, such amounts shall be payable upon notice from Mortgagee to Mortgagor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law.

Any entering upon and taking and maintaining of control of the Premises by Mortgagee or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right to remedy of Mortgagee under applicable law or as provided herein. This assignment of rents of the Premises shall terminate at such time as this Instrument ceases to secure Indebtedness held by Mortgagee.

7. **OBSERVANCE OF LEASE ASSIGNMENT.** As additional security for the payment of the Note and Indebtedness secured hereby and for the faithful performance of the terms and conditions contained herein, Mortgagor, as landlord, has assigned to the Mortgagee all of its right, title and interest as landlord in and to all leases of the Premises, and the rents, issues and profits therefrom.

Mortgagor will not, without Mortgagee's prior written consent which shall not be unreasonably withheld: (a) execute an assignment or pledge of any rents of the Premises and/or any leases of the Premises; or (b) accept any prepayment of any installment of any rents more than thirty (30) days before the due date of such installment.

Mortgagor at its sole cost and expense will: (i) at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in all leases of the Premises, on the part of the landlord thereunder to be kept and performed; (ii) perform or cause to be performed all of the material covenants, conditions and agreements contained in all leases of the Premises, on the part of the landlord thereunder to be kept and performed; (iii) enforce or secure the performance of all of the material covenants, conditions and agreements of such leases on the part of the lessees to be kept and performed; (iv) appear in and defend any

action or proceeding arising under, growing out of or in any manner connected with such leases or the obligations, duties or liabilities of landlord or of the lessees thereunder; (v) transfer and assign to Mortgagee for security purposes upon written request of Mortgagee, any lease or leases of the Premises heretofore or hereafter entered into, and make, execute and deliver to Mortgagee upon demand, any and all instruments required to effectuate said assignment.

Nothing in this Mortgage or in any other documents relating to the loan secured hereby shall be construed to obligate Mortgagee, expressly or by implication, to perform any of the covenants of Mortgagor as landlord under any of the leases assigned to Mortgagee or to pay any sum of money or damages therein provided to be paid by the landlord, each and all of which covenants and payments Mortgagor agrees to perform and pay. Mortgagor will not permit any lease of the Premises or any part thereof to become subordinate to any lien other than the lien hereof and the lien of general real estate taxes.

It is covenanted and agreed that a default under any Assignment of Leases executed pursuant to paragraph 7 shall constitute a default hereunder on account of which the whole of the Indebtedness secured hereby shall at once, at the option of the Mortgagee, become immediately due and payable.

8. **EFFECT OF EXTENSIONS OF TIME.** If the payment of the Indebtedness secured hereby, or any part thereof, be extended or varied, or if any part of any security for the payment of the Indebtedness secured hereby be released, or if the Mortgagee takes other or additional security for the payment of the Indebtedness secured hereby, or if the Mortgagee waives or fails to exercise any right granted herein, or in the Note secured hereby, or in any other instrument given as security for the Note, all persons now or at any time hereafter liable for the payment of the Indebtedness secured hereby, or any part thereof, or interested in the Premises shall be held to assent to such extension, variation, release, waiver, failure to exercise or the taking of additional security, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Mortgagee, notwithstanding such extension, variation, release, waiver, failure to exercise, or the taking of additional security.

9. **MORTGAGEE'S PERFORMANCE OF DEFAULTED ACTS.** In case of default herein, Mortgagee may, but need not, and whether electing to declare the whole of the Indebtedness secured hereby due and payable or not, and without waiver of any other remedy, make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises or contest any tax or assessment or cure any default of landlord in any lease of the Premises. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee in regard to any tax referred to in paragraph 3 or to protect the Premises or the lien hereof, shall be so much additional Indebtedness secured hereby, and shall become immediately due and payable without notice and with interest thereon at the rate of five percent (5%) over the Interest Rate in the Note. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

10. **MORTGAGEE'S RELIANCE ON TAX BILLS, ETC.** Mortgagee, in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted. Mortgagor shall have the right to contest any taxes or assessments and any liens prior to any payment by Mortgagor of said amounts so long as Mortgagor deposits such amounts with Mortgagee as Mortgagee may deem appropriate, at its sole discretion, to provide for payment of tax, assessment or lien should Mortgagor not prevail in Mortgagor's contest to the tax, assessment or lien.

11. **EVENT OF DEFAULT.** If: (a) default be made in the due and punctual payment of the Note secured hereby, or any payment due in accordance with the terms thereof, either of principal or interest after expiration of any applicable grace period and after notice as provided in the Note; or (b) the Mortgagor shall file a petition in bankruptcy for liquidation or reorganization, or any similar law, state or federal, whether now or hereafter existing, or any answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or stay of involuntary proceedings within sixty (60) days, as hereinafter provided; or (c) the Mortgagor, shall be adjudicated a bankrupt, or a trustee or a receiver shall be appointed for the Mortgagor, in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of the Mortgagor, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days; or (d) the Mortgagor, shall make an assignment for the benefit of creditors, or shall in writing admit its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof; or (e) an Event of Default has occurred under the Loan Agreement, or (f) default shall be made in the due observance or performance of any other of the covenants, agreements or conditions required to be kept or performed or observed by the Mortgagor herein required then and in every such case the whole of the Indebtedness hereby secured, following notice providing thirty (30) days to cure any non-monetary default, at the option of the Mortgagee, shall become immediately due and payable with interest thereon at the default rate of interest, provided, that, if a non-monetary default is incapable of being cured within the thirty (30) day period, then the time to cure shall be extended for such reasonable additional time as may be necessary to complete the cure, but in no event shall the period be extended beyond sixty (60) days from the date of the notice to cure the default. If, while any insurance proceeds or condemnation awards are being held by the Mortgagee to reimburse Mortgagor for the cost of rebuilding or restoration of buildings or improvements on the Premises, as set forth in paragraphs 5 and 17 hereof, the Mortgagee shall be or become entitled to, and shall accelerate the Indebtedness secured hereby, then and in such event, the Mortgagee shall be entitled to apply all such insurance proceeds and condemnation awards then held by it in reduction of the Indebtedness hereby secured and any excess held by it over the amount of Indebtedness then due hereunder shall be returned to Mortgagor or any party entitled thereto without interest.

12. **FORECLOSURE; EXPENSE OF LITIGATION.** When the Indebtedness hereby secured, or any part hereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such Indebtedness or part thereof,

or exercise any remedies under the Illinois Law. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Indebtedness in the judgment for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraiser's fees, environmental engineers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to the title as Mortgagee may deem necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such judgment the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned and such expenses and fees as may be incurred in the protection of said Premises and the maintenance of the lien of this Mortgage, including the fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including appellate, probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding shall be immediately due and payable by Mortgagor, with interest thereon at five per cent (5%) over the Interest Rate as defined in the Note of even date herewith and shall be secured by this Mortgage.

13. **APPLICATION OF PROCEEDS OF FORECLOSURE SALE.** The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph; second, all other items which may, under the terms hereof, constitute secured Indebtedness additional to that evidenced by the Note, with interest thereon as herein provided and all principal, and interest remaining unpaid on the Note; and third, any overplus to any party entitled thereto as their rights may appear.

14. **APPOINTMENT OF RECEIVER.** Upon, or at any time after the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed may appoint a receiver of the Premises. Such appointment may be made either before or after sale, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not, and the Mortgagee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of the Premises during the whole of such period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the Indebtedness secured hereby; (b) any tax, special assessment or other lien which may be or become superior to the lien hereof or of such judgment, provided such application is made prior to foreclosure sale; or (c) the deficiency in case of a sale and deficiency.

15. **RIGHTS CUMULATIVE.** Each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee, and the exercise, or the beginning of the exercise of one right, power or remedy, shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of the

Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

16. **MORTGAGEE'S RIGHT OF INSPECTION.** Mortgagee shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

17. **CONDEMNATION.** Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the entire proceeds of any award or any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation. The Mortgagee shall make the proceeds available for restoration or rebuilding of the Premises. The buildings and improvements shall be restored or rebuilt in accordance with plans and specifications to be submitted to and approved by the Mortgagee, which approval shall not be unreasonably withheld. Any surplus which may remain out of the award after payment of such cost of rebuilding or restoration shall at the option of the Mortgagee be applied on account of the Indebtedness secured hereby or be paid to any party entitled thereto. No interest shall be allowed to Mortgagor on any award held by the Mortgagee.

18. **RELEASE UPON PAYMENT AND DISCHARGE OF MORTGAGOR'S OBLIGATIONS; PARTIAL RELEASE.** Mortgagee shall release this Mortgage and the lien hereof by proper recordable instrument upon payment and discharge of all Indebtedness secured hereby including any prepayment charges provided for herein or in the Note secured hereby.

19. **GIVING OF NOTICE.** Any notice which either party hereto may desire or be required to give to the other party shall be in writing and the mailing thereof by certified mail addressed as follows:

- (a) If to the Mortgagee to: City of Pekin
Attn: _____
111 South Capitol Street
Pekin, IL 61554
- with a copy to: Eliff, Dancey & Bosich
Attn: Burt Dancey
109 S. Fourth Street
Pekin, IL 61554
- (b) If to Mortgagor to: Progressive Health Systems
Attn: Bob J. Haley
600 S. 13th Street
Pekin, IL 61554
- with a copy to: Hinshaw & Culbertson LLP
Attn: Douglass Marshall
416 Main Street, 6th Floor
Peoria, IL 61602

or at such other place as any party hereto may be notice, shall constitute service of notice hereunder.

20. **WAIVER OF DEFENSE.** No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

21. **WAIVER OF STATUTORY RIGHTS.** Mortgagor shall not, and will not, apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. The Mortgagor hereby expressly waives any and all rights of reinstatement and redemption, if any, under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person, it being the intent hereof that any and all such rights of reinstatement and redemption of the Mortgagor and of all other persons are and shall be deemed to be hereby waived to the full extent permitted by the provisions of Illinois Compiled Statutes 735 ILCS 5/15 1601 or other applicable law or replacement.

22. **FILING AND RECORDING FEES.** Mortgagor will pay all filing, registration or recording fees and all expenses incident to the execution and acknowledgment of this Mortgage and all federal, state, county and municipal taxes and other taxes, duties, imposts, assessments and charges arising out of or in a connection with the execution and delivery of said Note and this Mortgage.

23. **BUSINESS PURPOSE.** The proceeds of the loan secured by this Mortgage constitutes a business loan.

24. **COMPLIANCE WITH ENVIRONMENTAL LAW.**

(a) **Representations and Warranties.** Mortgagor hereby represents, covenants and warrants to Mortgagee and its successors and assigns the following information about the Premises:

(1) The location and construction, occupancy, operation and use of the Premises does not and will not violate any law, including Applicable Environmental Laws, as defined in paragraph (2) below, statute, ordinance, rule, regulation, policy, order or determination of any federal, state, local or other Governmental Authority ("Governmental Authority") or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction affecting any portion of the Premises (hereinafter collectively called the "Applicable Laws").

(2) Without in any way limiting the generality of (1) above, neither the Premises nor the Mortgagor are the subject of any pending or, to Mortgagor's knowledge, threatened investigation or inquiry by any Governmental Authority, or are subject to any remedial obligations under any Applicable Laws pertaining to health or the environment ("Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), the Resource Conservation and Recovery Act of 1987, as amended ("RCRA"), and any applicable Illinois environmental law, and this representation and warranty would continue to be true and correct following disclosure to any applicable Governmental Authority of all relevant facts, conditions and circumstances pertaining to the Premises and/or the Mortgagor.

(3) To Mortgagor's knowledge, Mortgagor is not required to obtain any permits, licenses or authorizations to construct, occupy, operate or use any portion of the Premises by reason of any Applicable Environmental Laws, except for _____. Mortgagor shall diligently pursue and evaluate whether any permit, license or authorization is necessary to occupy, operate or use any portion of the Premises by reason of any Applicable Environmental Laws, and Mortgagor shall notify Mortgagee of any such required permit, license or authorization.

(4) To Mortgagor's knowledge, there are no Hazardous Substances, Solid Wastes, or other substances known or suspected to pose a threat to health or the environment of living organisms ("Hazards") have been Disposed of or otherwise released on or to the Premises or exist on or within any portion of the Premises, other than in compliance with Applicable Environmental Laws. To Mortgagor's knowledge, no prior use, either by Mortgagor or the prior owners of the Premises, has occurred, which violates any Applicable Environmental Laws. The use which Mortgagor makes and intends to make of the Premises will not result in the Disposal or release of any Hazardous Substance, Solid Waste or hazard on, in or to the Premises, other than in compliance with Applicable Environmental Laws. The terms "Hazardous Substance" and "release" shall each have the meanings specified in CERCLA, and the terms "Solid Waste" and "Disposal" (or "Disposed") shall each have the meanings specified in RCRA; provided, however, that in the event either that CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment; and provided further that, to the extent that the laws of the State of Illinois establish a meaning for "Hazardous Substance," "release," "Solid Waste," or "Disposal" which is broader than that specified in either CERCLA or RCRA, such broader definition shall apply.

(5) During Mortgagor's occupation or use of the Premises, there shall be no on-site or off-site locations where Hazardous Substances, Solid Wastes or Hazards from the Premises will be stored, treated, recycled, or Disposed of, other than in compliance with Applicable Environmental Laws; provided that Mortgagor shall be permitted to handle Medical Waste as set forth in the Loan Agreement.

(6) There has been no litigation brought or threatened nor any settlement reached by or with any parties alleging the presence, Disposal, release, or threatened release, of any Hazardous Substances, Solid Wastes or hazard from the use or operation of the Premises.

(7) To Mortgagor's knowledge, the Premises is not on any federal or state "Superfund" list, nor subject to any environmentally related liens.

(8) Mortgagor shall not cause any violation of any Applicable Environmental Laws, nor permit any tenant of any portion of the Premises to cause such a violation, nor permit any environmental liens to be placed on any portion of the Premises.

All of the foregoing representations and warranties shall be continuing and shall be true and correct for the period from the date hereof through and as of the date of the final payment of all Indebtedness owed by Mortgagor to Mortgagee and the final performance of all obligations under all instruments evidencing, governing, securing or relating to such Indebtedness, with the same force and effect as if made each day throughout such period, and all of such representations and warranties shall survive such payment and performance.

(b) Covenant to Clean Up and Notify. Mortgagor shall conduct and complete all investigations, studies, sampling, and testing and all remedial, removal, and other actions necessary to clean up and remove Hazardous Substances, Solid Wastes or Hazards on, in from or affecting any portion of the Premises (1) in accordance with all Applicable Laws and (2) in accordance with the orders and directives of all Governmental Authorities. Mortgagor shall (1) give notice to Mortgagee immediately upon (a) Mortgagor's receipt of any notice from any Governmental Authority of a violation of any Applicable Laws and/or acquiring knowledge of the receipt of any such notice by any tenant of any portion of the Premises and (b) acquiring knowledge of the presence of any Hazardous Substances, Solid Wastes or Hazards on the Premises in a condition that has resulted or could reasonably be expected to result in any adverse environmental impact, with a full description thereof; (2) promptly comply with all Applicable Environmental Laws requiring the notice, removal, treatment, or Disposal of such Hazardous Substances, Solid Wastes or Hazards and provide Mortgagee with satisfactory evidence of such compliance; and (3) provide Mortgagee, within thirty (30) days after demand by Mortgagee financial assurance evidencing to Mortgagee's satisfaction that sufficient funds are available to pay the cost of removing, treating, and/or disposing of such Hazardous Substances, Solid Wastes

or Hazards and discharging any assessments that may be established on the Premises as a result thereof.

(c) Site Assessment. If Mortgagee shall ever have reason to believe in good faith that there are Hazardous Substances, Solid Wastes or Hazards affecting any of the Premises, Mortgagee (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an event of default under the Mortgage, may contract for the services of persons (the "Site Reviewers") to perform environmental Site Assessments ("Site Assessments") on the Premises for the purpose of determining whether there exists on the Premises any environmental condition that could result in any liability, cost, or expense to the owner, occupier, or operator of such Premises arising under any Applicable Environmental Laws. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by Mortgagor that do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon the Premises for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Substances, Solid Wastes and Hazards on the Premises and such other tests on the Premises as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Mortgagors will supply to the Site Reviewers such historical and operational information regarding the Premises as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will made available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Mortgagee shall make the results of such Site Assessments fully available to Mortgagor, which (prior to an event of default under the Mortgage) may, at its election, participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Site Reviewers. The cost of performing such Site Assessments shall be paid by the Mortgagor upon demand of Mortgagee.

(d) Indemnity and Holding Mortgagee Harmless. Mortgagor hereby defends, indemnifies and holds harmless Mortgagee, its employees, agents, shareholders, officers and directors (collectively, the "Indemnified Parties"), from the time the Hazard is discovered or the violation of the Applicable Law or inquiry occurs, from and against any claims, demands, obligations, penalties, fines, suits, liabilities, settlements, damages, losses, costs or expenses (including, without limitation, attorney and consultant fees and expenses, investigation and laboratory fees and expenses, cleanup costs, and court costs and other litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to (i) the presence, Disposal, release, threatened release, removal or production of any Hazardous Substances, Solid Wastes or Hazards which are on, in, from or affecting any portion of the Premises; (ii) any personal injury (including wrongful death) or Premises damage (real or personal) arising out of or related to such Hazardous Substances, Solid Wastes or Hazards; (iii) any lawsuit brought or threatened, settlement reached, or order by Governmental Authority relating to such Hazardous Substances, Solid Wastes or Hazards, and/or

(iv) any violation of any Applicable Laws, or demands of Governmental Authorities, which are based upon or in any way related to such Hazardous Substances, Solid Wastes or Hazards, regardless of whether or not any of the conditions described under any of the foregoing subsections (i) through (iv), inclusive, was or is caused by or within the control of Mortgagor, except to the extent caused by or within the control of Mortgagee, its employees, agents, successors or assigns. Mortgagor agrees, upon notice and request by an indemnified party, to contest and/or defend any demand, claim, suit, proceeding or action with respect to which Mortgagor has hereinabove indemnified and held the Indemnified Parties harmless and to bear all costs and expenses of such contest and/or defense. Mortgagor further agrees to reimburse any indemnified party upon demand for any costs or expenses incurred by any indemnified party in connection with any matters with respect to which Mortgagor has hereinabove indemnified and held the Indemnified Parties harmless. The provisions of this paragraph shall be in addition to any other obligations and liabilities Mortgagor may have to Mortgagee at common law, in equity or under documentation executed in connection with the Loan, and shall survive the closing, funding and payment in full of the Loan, as well as any foreclosures and the recordation of any release of the lien of the Mortgage.

(e) Mortgagee's Right to Remove Hazardous Materials. Mortgagee shall have the right, but not the obligation, without in any way limiting Mortgagee's other rights and remedies under the Mortgage and after giving reasonable notice and opportunity to cure to Mortgagor, to enter onto the Premises or to take such other actions as it deems necessary or advisable to clean up, remove, resolve, or minimize the impact of, or otherwise deal with, any Hazardous Substances, Solid Wastes or Hazards on or affecting the Premises, except to the extent caused by or within the control of Mortgagee, its employees, agents, successors or assigns, following receipt of any notice from any person or entity asserting the existence of any Hazardous Substances, Solid Wastes or Hazards pertaining to the Premises or any part thereof that, if true, could result in an order, notice, suit, imposition of a lien on the Premises, or other action and/or that, in Mortgagee's sole opinion, could jeopardize Mortgagee's security under the Mortgage. All reasonable costs and expenses paid or incurred by Mortgagee in the exercise of any such rights shall be secured by the Mortgage and shall be payable by Mortgagor upon demand.

25. SUBORDINATION. Mortgagee shall have the right and option to commence a civil action to foreclose this Mortgage and to obtain a judgment of foreclosure and sale subject to the rights of any tenant or tenants of the Premises. The failure to join any such tenant or tenants as party defendant or defendants in any such civil action or the failure of any judgment of foreclosure and sale to foreclose their rights shall not be asserted by the Mortgagor as a defense in any civil action instituted to collect the Indebtedness secured hereby, or any part hereof, or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

26. **SECURITY AGREEMENT.** Mortgagor and Mortgagee agree that this Mortgage shall constitute a Security Agreement within the meaning of the Illinois Uniform Commercial Code (hereinafter in this paragraph referred to as the “Code”) with respect to any property included in the definition herein of the word “Premises,” which property may not be deemed to form a part of the real estate or may not constitute a “fixture” (within the meaning of Section 409.102 of the Code) and all replacements of such property, and the proceeds thereof (said property and the replacements, substitutions and additions thereto and the proceeds thereof being sometimes hereinafter collectively referred to as the “Collateral”), and that a security interest in and to the Collateral is hereby granted to the Mortgagee and all of Mortgagor’s right, title and interest therein are hereby assigned to the Mortgagee, all to secure payment of the Indebtedness and to secure performance by the Mortgagor of the terms, covenants and provisions hereof. In the Event of Default under the Note or this Mortgage, the Mortgagee, pursuant to the appropriate provisions of the Code, shall have the option of proceeding with respect to the Collateral in accordance with its rights and remedies with respect to the Premises, in which event the default provisions of the Code shall not apply. The parties agree that, in the event the Mortgagee shall elect to proceed with respect to the Collateral separately from the real estate, thirty (30) days notice of the sale of the Collateral shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, reasonable attorneys’ fees and legal expenses incurred by the Mortgagee. The Mortgagor agrees that, without the written consent of the Mortgagee, the Mortgagor will not remove or permit to be removed from the Premises any of the Collateral except that so long as the Mortgagor is not in default hereunder, Mortgagor shall be permitted to sell or otherwise dispose of the Collateral when obsolete, worn out, inadequate, unserviceable or unnecessary for use in the operation of the Premises, upon replacing the same or substituting for the same other Collateral at least equal in value to the initial value to that disposed of and in such a manner so that the Collateral shall be subject to the security interest created hereby and so that the security interest of the Mortgagee shall be first in priority, it being expressly understood and agreed that all replacements of the Collateral and any additions to the Collateral shall be and become immediately subject to the security interest of this Mortgage and covered hereby. The Mortgagor shall, from time to time, on request of the Mortgagee, deliver to the Mortgagee an inventory of the Collateral in reasonable detail. The Mortgagor covenants and represents that all Collateral, and all replacements thereof, substitutions therefor or additions thereto, unless the Mortgagee otherwise consents, now is and will be free and clear of liens, encumbrances, or security interest of others. Mortgagor shall, upon demand, execute and deliver to Mortgagee such financing statements and other documents in form satisfactory to Mortgagee, and will do all such acts and things as Mortgagee may at any time or from time to time, reasonably request or as may be necessary or appropriate to establish and maintain a first perfected security interest in the Collateral, subject to no liens, encumbrances or security interests of others. This Mortgage is intended to be a financing statement within the purview of Sections 409-501 and/or 409-502 of the Code with respect to the Collateral. The address of the Mortgagee (“Secured Party”) and Mortgagor (“Debtor”) are hereinafter set forth. Mortgagor is the record owner of the Premises.

27. **DUE ON SALE OR FURTHER ENCUMBRANCE.** Mortgagor covenants and agrees that Mortgagee, at its option, has the unqualified right to accelerate the maturity of the Indebtedness evidenced by the Note and secured hereby causing the full principal balance and accrued interest under the Note, to be immediately due and payable without notice to Mortgagor, in the event that Mortgagor shall without the prior written consent of Mortgagee, sell, transfer,

convey, mortgage, encumber, or assign the legal or equitable title to all or any portion of the Premises, whether by operation of law, voluntarily, or otherwise, or shall contract to do any of the foregoing, or in the event of a transfer of substantially all of the Mortgagor's assets, a change in control of Mortgagor, or merger or consolidation of Mortgagor, except as permitted in the Loan Agreement. The foregoing provisions of this paragraph 27 are for the purpose of protecting Mortgagee's security, both of repayment of the Indebtedness secured hereby and the value of the Premises.

28. **GOVERNING LAW; JURISDICTION.** This Mortgage, including the rights and duties hereunder, shall be governed by the laws of the State of Illinois. If there is a lawsuit, Mortgagor agrees upon Mortgagee's request to submit to the jurisdiction of the courts of Tazewell County, the State of Illinois.

29. **JURY WAIVER.** MORTGAGOR AND MORTGAGEE HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER MORTGAGOR OR MORTGAGEE AGAINST THE OTHER.

30. **MISCELLANEOUS.** This Mortgage and all provisions hereof shall extend to and be binding upon Mortgagor and its successors, grantees and assigns, any subsequent owners of the Premises and all persons claiming under or through Mortgagor, and word "Mortgagor" when used herein shall include all such persons and all persons liable for the payment of the Indebtedness or any part thereof, whether or not such persons shall have executed said Note or this Mortgage. The word "Mortgagee," when used herein, shall include the successors and assigns of the Mortgagee named herein, and the holder or holders, from time to time, of the Note secured hereby.

In the event one or more of the provisions contained in this Mortgage or the Note secured hereby, or in any other security documents given to secure the payment of the Note secured hereby, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Mortgagee, not affect any other provision of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein. The validity and interpretation of this Mortgage and of all other documents evidencing or securing the Indebtedness shall be construed in accordance with the laws of the State of Illinois.

Should any provision of this Mortgage require interpretation or construction in any judicial, administrative, or other proceeding or circumstance, it is agreed that the parties hereto intend that the court, administrative body, or other entity interpreting or construing the same shall not apply a presumption that the provisions hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that the agents of both parties hereto have fully participated in the preparation of all provisions of this Mortgage.

(The remainder of this page is intentionally left blank; signature page follows.)

71155970v3 0178291

EXHIBIT A

Legal Description

PRELIMINARY LEGAL DESCRIPTION OF PROPERTY

6.3 acres from the following larger 31.91 acre parcel, the larger parcel being described as:

All that part of the Southeast Quarter of the Northeast Quarter of Section 7 lying South of the right of way of the C.C.C. and St. L. R.R., containing 35.75 acres, as shown on plat of said Northeast Quarter of Section 7 recorded in Plat Book "I", page 85;

EXCEPTING THEREFROM all that part conveyed by Warranty Deed recorded May 3, 2002 as document no. 200200013415, more particularly described as follows: Commencing at the Southwest corner of the Southeast Quarter of the Northeast Quarter of Section 7 and running thence South 85 degrees 39 minutes 24 seconds East (assumed bearing), on and along the South line of said Northeast Quarter of Section 7 a distance of 4580.84 feet to the Point of Beginning for the tract herein described; thence North 44 degrees 02 minutes 20 seconds East, a distance of 1349.03 feet to the East line of said Section 7; thence South 04 degrees 05 minutes 09 seconds West, on and along said east line of Section 7, a distance of 186.87 feet to a point; thence south 44 degrees 02 minutes 20 seconds West, a distance of 1106.17 feet to said South line of the Northeast Quarter of Section 7; thence North 85 degrees 39 minutes 24 seconds West, on and along said South line of the Northeast Quarter of Section 7, a distance of 155.95 feet to the Point of beginning, situated in Tazewell County, Illinois.

Parcel Identification Number: part of 11-11-07-203-003

COLLATERAL ASSIGNMENT OF NOTE, MORTGAGE AND LOAN DOCUMENTS

FOR VALUE RECEIVED, and as additional security for the obligations of THE CITY OF PEKIN, ILLINOIS, a municipal corporation ("City") to and for the benefit of MORTON COMMUNITY BANK ("Bank") as more fully provided in that Loan Agreement, originally dated _____, 2015 between City and Bank and as may be modified from time to time ("Bank Loan Agreement") and the Note to Bank ("Note to Bank") of even date therewith, providing for a loan to City in the amount of \$12,000,000.00 (the "Bank Loan") the purpose of said loan being to have the City, in turn, loan funds to PROGRESSIVE HEALTH SYSTEMS, an Illinois not-for-profit corporation ("Borrower") to construct a medical office building pursuant to the terms of a loan agreement between City and Borrower ("Borrower Loan Agreement"), City hereby transfers, assigns and conveys to Bank, subject to the terms and conditions herein contained, all of the right, title and interest of City in and to the following collateral ("Collateral"):

- (i) the Borrower Loan Agreement, and other loan documents related thereto;
- (ii) that certain Construction Mortgage Note dated September 1, 2015 executed by Borrower in favor of City ("Note to City"); and
- (iii) that certain Construction Mortgage, Assignment of Leases and Rent and Security Agreement dated September 1, 2015 executed by Borrower and City recorded on _____, 2015 as Document Number _____ in the Recorder's Office of Tazewell County ("Mortgage"). The Note to City, Mortgage and Borrower Loan Agreement may hereinafter be referred to as the "Documents".

1. **Exercise of Bank's Remedies.** If all of the obligations of the City are paid or discharged in accordance with the terms and conditions of the Bank Loan Agreement and Note to Bank and if the other terms, covenants and conditions of the Bank Loan Agreement and Note to Bank shall be fully performed or observed, then the Bank shall not exercise its rights hereunder. Bank may exercise its rights under this Assignment only upon the occurrence of an Event of Default as defined under the Bank Loan Agreement and with all notices as may be required under the terms of the Note to City and fifteen (15) days prior written notice to Borrower. In the event that City fails to cure the default following such written notice to City, Bank shall succeed to all Lender's right, title and interest in and to the Documents.
2. **Other Agreements of City.** City has full power and authority to make this Assignment. The City will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by the City under the Bank Loan Agreement, Note to Bank and Borrower Loan Agreement and will do all things necessary to preserve and to keep unimpaired its rights under the Note to City and Mortgage. The City agrees that this Assignment is for collateral purposes only, and does not relieve the City of its responsibilities or

obligations relating to the Note to Bank or the Collateral itself; no liability shall accrue to the Bank as a result of this Assignment and the City agrees to hold harmless and to indemnify the Bank from any and all expenses or losses incurred in relation hereto. The City shall not make any further assignment of the Collateral, of any kind, other than this Assignment. In the event that Bank becomes vested with ownership of the Collateral as provided in paragraph 1, City agrees to execute any reasonably required assignment interests and/or release instruments.

3. **Non-Disturbance.** So long as Borrower is not in default under the terms of the Note to City, Borrower Loan Agreement, the Documents, and Mortgage (beyond any notice and period of time given Borrower to cure such default as provided in the Documents), Bank agrees that Borrower shall not be made a party to any foreclosure or other action, sale or proceeding regarding the Note to Bank, Bank Loan Agreement, or Documents, and Bank's action, sale or proceeding shall not affect the Documents, Borrower's possession of the property described in the Mortgage or Borrower's rights under the Note to City, Mortgage or Borrower Loan Agreement.
4. **Release of Interest.** Upon Borrower's satisfaction of its obligations under the Documents and the release of the Mortgage by the City, Bank agrees to execute any reasonably required release instruments pertaining to the Collateral.
5. **Successors and Assigns.** This Assignment shall bind and inure to the benefit of the successors, assigns, legal and personal representatives, executors, administrators, heirs and other transferees of the parties hereto.

(Remainder of page intentionally left blank; signature page follows.)

IN WITNESS WHEREOF, the parties have executed this Collateral Assignment of Note and Mortgage as of July 1, 2015.

CITY:

THE CITY OF PEKIN, ILLINOIS

By: _____

Name: _____

Its: _____

Date: _____

BANK:

MORTON COMMUNITY BANK

By: _____

Name: _____

Its: _____

Date: _____

Acknowledged and consented to by Borrower:

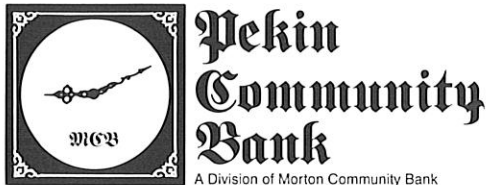
Progressive Health Systems

By: _____

Name: _____

Its: _____

Date: _____



City of Pekin Financing Term Sheet for June 9, 2015

Regarding: A loan to provide funds to the City of Pekin to make a loan to Progressive Health Systems to construct a new medical office building.

Dear Darin Girdler,

I am pleased to advise you that the loan committee has approved your loan request at Pekin Community Bank. The request is to provide funding to enable the City to finance Progressive Health Systems with the construction of a new medical office building with 54,000 square feet. The main terms and conditions of the approval are provided below, but all terms can only be disclosed in the loan documents.

Purpose: The purpose of the loan is to provide funding for the City to make a loan to the Progressive Health Systems to construct a new medical office building in Pekin.

Borrowers: The borrower will be the City of Pekin, full faith and credit

Guarantors: None

Amount: The bank has approved up to \$ 12,000,000.00.

Rate: This project is a taxable project since the purpose is used for a for-profit entity of the Progressive Health Systems. The rates approved are taxable rates of 3.25% fixed for 5 years.

Fees: The bank will charge a construction loan fee of \$ 60,000.00 payable at the closing of the loan.

Prepayment: None

Term The loan will have a construction period of 18 months with interest only payments and then 42 months of principal and interest payments due monthly. The principal and interest payments will be calculated using a twenty year amortization. This loan will have a maturity date 60 months from closing.

Reporting: The borrowers are responsible for providing the bank with annual audited financial statements on the City of Pekin and annually providing the bank



**Pekin
Community
Bank**

A Division of Morton Community Bank

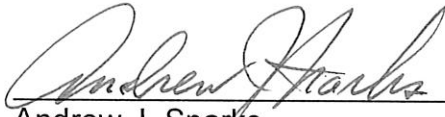
with the audited financial statements of the Pekin Hospital. All other information that the bank may require will be provided as requested.

- Covenants: The borrower agrees to maintain a minimum depository balance with Pekin Community bank of \$ 10 million dollars. If at any time the balance should go below that balance the bank would have the right to increase the rate of interest by $\frac{1}{2}$ of 1 %.
- Security: The bank will take an assignment of the note and mortgage provided to the City of Pekin from the Progressive Health Systems.
- Expiration: This letter needs to be accepted by June 30th 2015 or the terms could be subject to change.

We appreciate the opportunity to provide this information for your review and look forward to continuing discussion with regard to your financial needs. If you have any questions please feel free to call Andy Sparks at 309-347-5101.

Best Regards,

Pekin Community Bank



Andrew J. Sparks
Executive Vice President

Acceptance _____

