

**CRYSTAL LAKE  
CIVIC CENTER AUTHORITY BOARD MEETING  
AGENDA**

**City of Crystal Lake  
100 West Woodstock Street, Crystal Lake, IL  
Conference Rooms P105/106  
September 6, 2016  
5:30 p.m.**

1. **Call to Order**
2. **Roll Call**
3. **Approval of the Minutes of the August 2, 2016 meeting.**
4. **Resolution adopting Bylaws for the Crystal Lake Civic Center Authority.**
5. **Resolution authorizing an Intergovernmental Agreement between the Crystal Lake Civic Center Authority and the City of Crystal Lake for administrative assistance.**
6. **Resolution authorizing the Chair to sign and cause to be filed the application to Darwin National Assurance Company for Directors and Officers Liability Insurance, including Fiduciary Insurance, for the Crystal Lake Civic Center Authority Board.**
7. **Resolution authorizing the Development of a Borrowing Plan for Potential Civic Center Authority Revenue Bonds and Authorizing the execution of a Financial Advisory Agreement with PMA Securities, Inc.**
8. **Review draft lease agreement amendment between the Crystal Lake Civic Center Authority and the Raue Center for the Arts.**
9. **Date/Time of Next Meeting**
10. **Adjourn**

*If special assistance is needed in order to participate in a City of Crystal Lake public meeting, please contact George Koczvara, Director of Finance, at 815-459-2020, at least 24 hours prior to the meeting, if possible, to make arrangements.*

2. Roll Call

<u>Civic Center Authority Board Members</u>	<u>Present</u>
Pete Affrunti	
Greg Danielson	
Tom Hayden, Chair	
William Mack Jr.	
Tom Ormsby	
Gary Reece	
Mike Splitt	
Lisa Waggoner, Vice-Chair	
Fred Wickham	

3. Minutes



**City of Crystal Lake  
PROCEEDINGS OF THE  
CIVIC CENTER AUTHORITY BOARD  
August 2, 2016  
5:30 p.m.**

**Oaths of Office**

Mayor Shepley administered Oaths of Office to each member.

**Call to Order and Roll Call:**

Crystal Lake Civic Center Authority Board Members present were: Pete Affrunti, Greg Danielson, Tom Hayden, William Mack, Jr., Tom Ormsby, Gary Reece, Mike Splitt, Lisa Waggoner, Fred Wickham. None were absent.

Mayor Aaron Shepley, City Manager Gary Mayerhofer, Finance Director George Koczwarra and Special Counsel Vic Filippini were also present.

**Review of Open Meetings Act/Freedom of Information Act Online Training**

Special Counsel Vic Filippini provided information on the Open Meetings Act and the Freedom of Information Act. He stated that the Crystal Lake Civic Center Authority (CCA) is a government unit no different than the City, except that it has different powers and roles, and is required to conduct business openly. He explained that with 9 members on the CCA Board, 5 would be a quorum, 3 would be a majority of a quorum, and thus only 2 members of the CCA could legally communicate with each other regarding CCA matters, including via email and phone. He advised that each CCA member would need to complete Open Meetings Act training, available on the Illinois Attorney General's website, which would take approximately 45 minutes with a test at the end and a certificate issued for successful completion.

Regarding the Freedom of Information Act (FOIA), Mr. Filippini explained anything CCA members do in their official capacity, such as emails or correspondence, may become subject to public disclosure, and he urged that although not legally required, CCA members thoroughly review the FOIA requirements.

**Basic Business and Organizational Issues - Bylaws**

Mr. Filippini advised that under the requirements of the Freedom of Information Act, only items that have been published in a Civic Center Authority Board meeting agenda could be acted upon. He noted that the CCA members had been provided a copy of the CCA bylaws and should review them for adoption at a future CCA meeting.

Mr. Reece asked these were the bylaws originally adopted by the CCA members in the 1990's, and Mayor Shepley advised that he did not think that the CCA had previously adopted bylaws.

Mr. Danielson advised that he had already taken the Open Meetings Act training, and Mr. Filippini stated that was fine. He cautioned that there would be legal penalties if OPM training is not completed by the other CCA members.

### **Relationship between the City and the Civic Center Authority**

Mayor Shepley thanked the Civic Center Authority Board (CCA) members for their willingness to serve. He stated that each member of the CCA had been selected by him because of their longstanding commitment to the City of Crystal Lake and the Crystal Lake community.

Mayor Shepley advised that the Civic Center Authority Board, because it was created by an act of the Illinois State Legislature, is a completely separate body from the City of Crystal Lake, with the only exception being that the Mayor of Crystal Lake has the authority to appoint members to the CCA Board of Directors.

### **Background Presentation of Civic Center Authority Board and Relationship to the Raue Center for the Arts**

In providing background information, Mayor Shepley stated that the mission of the CCA was primarily about the Raue Center for the Arts, explaining that many years ago the State Legislature had enacted a specific grant of authority which enabled communities to create Civic Center Authorities for the purpose of having a civic center or a civic enhancing entity, and when that statute was about to “sunset”, Crystal Lake’s Mayor at the time, Carl Wehde, saw it as a potential benefit for the future, even though there were no plans to use it at that time. The CCA was created but it was never convened, and it was dormant until a few years later when the Lucille Raue estate made funds available to purchase and renovate the El Tovar Theater in downtown Crystal Lake. Mayor Wehde then put out a “call to action” and community leaders such as Bill Dwyer became involved and took the CCA forward.

### **Discussion of Possible Issuance of Revenue Bonds**

Mayor Shepley stated that based on the money provided to the CCA for purchase of the property, the CCA has only one asset, the Raue Center for the Arts building. The CCA owns it, but a separate corporation, the Raue Center for the Arts, was created to actually run it, and the CCA executed a long-term lease with the Raue Center for the Arts for a nominal annual sum. Mayor Shepley stated it was a simple, long term land lease, but it became complicated when it came time to invest in renovations and the total cost was more than original Lucille Raue Estate bequest. Funds were raised by the community and an \$8 million loan from Home State Bank was taken out, which were all used to make the Raue Center for the Arts what it is today. He stated that the CCA had entered into a “mortgage” with Home State Bank for that they would have a secured interest for the loan, which remained at \$2.4 million still due today. The problem was that the CCA did not have statutory authority to give a mortgage or borrow in any way. He stated that if that is true, Home State Bank does not really have an interest in anything, but it was not their fault. Mike Splitt asked if there was a clear title. Mayor Shepley stated that the CCA holds the title, but did not have the authority to give a mortgage.

Prefacing his next statement, Mayor Shepley urged the CCA Board members to only do what they believe is right and not do anything else, noting that was why he had chosen them. He advised the CCA Board members that their mission going forward was to evaluate and execute a plan to issue revenue bonds to pay down the loan and straighten out the paperwork, because bonds were the only way the CCA could borrow money according to State Statute. He advised that if the CCA Board decides to issue the bonds, it would not affect taxpayers because they would not be General Obligation bonds issued under the full faith and credit of the City of Crystal Lake. He stated that they would be “risky” bonds because of the nature of arts organizations, but the only risk would be to those who purchase them, which would most likely be Home State Bank and the bonds would be paid over a 30 year.

Mayor Shepley advised that at the next meeting, the CCA could adopt bylaws, get information from a Bond Counsel and from Attorney Vic Filippini regarding the bond issuance, and then identify the next steps to be taken. He stated that if the CCA decides to not issue the bonds, there would be consequences, but not to the CCA because they are still owners of the property and the Raue Center owes Home State Bank. He stated that keeping the Raue Center as a valuable asset is in the best interests of the community, the downtown and all of the people who have invested blood, sweat and tears into the Raue Center over the years. He stated that it had taken him weeks to unravel the "rat's nest" to determine relationships, responsibilities, and what would happen if CCA is dissolved. Mayor Shepley also advised that although he will attend future CCA meetings, he will not run them.

### **Questions and Answers/ Discussion**

Mayor Shepley advised that the CCA's consideration was basically about transferring a loan from Home State Bank to bonds, which are essentially still going to be a loan from Home State Bank and paid by the Raue Center, as the loan is being paid now. He stated it would not alleviate the Raue Center's responsibility, and if the Raue Center were to not agree, that would be the end of the discussion and they would have to pay Home State Bank back on their own.

Mr. Reece stated that this was basically a moral obligation and not a legal one. Mr. Hayden asked if the CCA would need to work out an amortization schedule and Mayor Shepley stated that would be part of the bond issue. He stated that the Raue would need to agree to the bond issue, and in all likelihood, the transfer of the debt from a note to bonds would cut their annual expenses in half, and it would be good them. Mr. Affrunti stated that Home State Bank is holding an unsecured loan for over \$2 million, and Mayor Shepley stated that was correct.

Mr. Wickham asked if Home State Bank is uncomfortable with the present situation and Mayor Shepley stated that they are. Mr. Hayden recalled that the Raue Center had plans to expand to the south in previous years and asked if they were still looking to do that. Mayor Shepley stated that was off the table because they had planned to use a \$2 million grant from the State of Illinois, which they did not receive. In response to Mr. Hayden's question as to who owns the "Raue House" where the Downtown Main Street Organization has their offices, Finance Director George Koczwarra advised that it is owned by the Downtown Main Street Organization.

Mr. Affrunti stated that if Home State Bank wishes to make a move or be taken over, this situation would be a major stumbling block. Mr. Reece stated that the Raue Center's cash flow could be making them nervous as well. Mayor Shepley confirmed that Home State Bank was uncomfortable with having an unsecured loan for \$2.4 million, especially in consideration of the ongoing dilemma of profits for arts organizations.

Mayor Shepley stated that the reason he had assembled the CCA again was to calm the waters and give everyone what they need. He stated that he believes there is a strong moral obligation, which is larger than any legal obligation, because the Raue Center has basically carried by Home State Bank for many years. He stated that this information may just be coming to light because of concerns about the Raue Center's cash flow.

City Manager Gary Mayerhofer advised that the City will provide staff support to the CCA, as well as fiduciary insurance and legal representation.

Ms. Waggoner asked if the CCA would have access to the Raue Center's financial statements and Mayor Shepley stated that they would. Mr. Mayerhofer stated that the City already have some of the records and would obtain the rest for the CCA.

Mr. Hayden asked if Home State Bank would pass an audit and Mayor Shepley stated that they would. Ms. Waggoner added that the loan has probably already been flagged and Home State Bank is

saying that they are meeting the Community Investments Act requirements. Mr. Reece stated that Home State Bank has weathered much worse than this. Mayor Shepley stated that that the Raue Center would have to cooperate, but it would be to their benefit and save them money on a month to month basis, but it would not be a windfall. This would allow them to focus on what they need to do, and provide a comfort level to Home State Bank.

In response to Mr. Hayden's questions, Mayor Shepley stated that the Civic Center Authority statute for the City of Crystal Lake had been crafted in Springfield with bits and pieces from other CCA statutes and the enabling statute, and was sometimes difficult to interpret. He advised that once the CCA Board straightens out the current situation, it should have no more to do for many years.

Mr. Hayden asked if the CCA was presently in default because the CCA statute states that the Board shall meet at least once a month. Mr. Filippini clarified that someone could file a mandamus action to force the CCA to meet, but the CCA did not need to meet if there was no reason to do so.

Mayor Shepley advised the CCA members to contact him or the City Manager if they have any questions.

**Date/Time of Next Meeting**

The CCA Board agreed to meet again on September 6, 2016 at 5:30 p.m. Mayor Shepley stated that they would be provided a meeting packet prior to that date.

**Selection of Chairman, Vice-Chairman and Secretary**

Mr. Filippini advised that since this matter had been published on the agenda, the CCA could take action or wait until the next meeting.

Lisa Waggoner nominated Tom Hayden for Chairman, and Tom Hayden nominated Lisa Waggoner for Chairman. Ms. Waggoner stated that she did not wish to be Chairman. Gary Reece nominated Tom Hayden for Chairman and Greg Danielson seconded. All voted yes.

Tom Hayden nominated Lisa Waggoner as Vice-Chairman. Greg Danielson seconded. All voted yes.

Since the City would provide for taking the meeting minutes, it was determined that the CCA did not need to select a Secretary.

**Adjourn**

The meeting adjourned at 6:15 p.m.

4.

BYLAWS OF THE BOARD OF DIRECTORS  
OF THE  
CRYSTAL LAKE CIVIC CENTER AUTHORITY

Article I

Meetings

Section 1. REGULAR and ADJOURNED MEETINGS. The Board of Directors (the Board) of the Crystal Lake Civic Center Authority (Authority) shall hold regular monthly meetings at a time adopted by the Board. All meetings of the Board shall be held in a meeting room at the City of Crystal Lake City Hall, or at such other place as may be designated by the Board. An adjourned meeting may be held for the purpose of completing the unfinished business of a regular meeting at such time as may be set by the Board. The Board will establish and publish annually its schedule of regular meetings.

Section 2. SPECIAL MEETINGS. Special meetings may be called by the Chair or by a majority of the Board, in writing, filed with the Secretary. The Secretary shall post notice of such special meeting at least 48 hours prior to the meeting, which notice shall specify the date, time and purpose of such meeting. It shall be delivered to each member personally, by regular mail, or by electronic means. Any special meeting attended by a quorum of the Board shall be a regular meeting for the transaction of the business set forth on the agenda for the special meeting.

Section 3. ORDER OF BUSINESS. The order of business at each meeting of the Board shall be taken up for consideration in the order established by the posted agenda for the meeting. However, the agenda order may be changed for the convenience of the Board upon consent of a majority of Board Members in attendance. The Chair shall direct staff in the preparation of the agenda of each meeting, subject to the right of each Board Member to request that any item of business concerning the Board be placed on the agenda.

Section 4. NOTICE. Public notice of all meetings of the Board and any committees of the Board shall be given as required by law.

Article II

Quorum

Section 1. QUORUM. Five Board Members shall constitute a quorum for the transaction of the business of the Board.

Article III

Officers

Section 1. CHAIR. The Chair shall be elected by, and from, the membership of the Board. The Chair shall preside over all meetings of the Board, shall be authorized to sign documents on behalf of the Authority, and shall decide all questions of order subject to appeal. In case of any disturbance or disorderly conduct, the Chair shall have the power to require the chamber or, in cases occurring after business hours, the building, in which the meeting is being held to be cleared, per the Open Meetings Act.

Section 2. VICE CHAIR. The Vice Chair shall be elected by, and from, the membership of the Board. The Vice Chair shall exercise the authority of the Chair in the Chair's absence. The Vice Chair shall also perform any duties assigned by the Board.

Section 3. SECRETARY. The Secretary shall be appointed by vote of the Board. The Secretary, or the designee of the Board, shall attend all meetings of the Board and shall preserve in books of the Authority true minutes of the proceedings of all such meetings. Such books shall remain in the City of Crystal Lake City Hall. The Secretary shall give all notices required by Statute, by law or resolution and shall perform such other duties as may be assigned by the Board.

Section 4. TREASURER. The Treasurer of the Authority shall be hired or appointed by the membership of the Board as provided in State Statute. The Treasurer, or his/her designee, shall be the legal custodian of all funds and revenues from whatever source received and shall deposit all monies, securities and other valuable effects in the name of the Authority in such depositories as may be designated for that purpose by resolution of the Board.

Section 5. ELECTION DATE AND TERM OF OFFICE. Election of officers shall be conducted every other year at the regular meeting in the month of June. The Chair, Vice Chair and Secretary shall each serve for a term of two (2) years commencing on July 1 of each year, and until their successors are duly elected and qualified, but only while such officer remains a member of the Board. There shall be no limit to the number of terms that any Board Member may serve as an officer.

Section 6. OTHER OFFICERS. The Board may establish additional offices, with duties and powers as prescribed by the Board, and elect or appoint officers thereto who shall serve in such capacities for indefinite terms at the pleasure of the Board.

Section 7. PRESIDING OFFICERS. In the absence of the Chair, the Vice Chair shall preside. In the event both the Chair and Vice Chair are absent, the Board shall select one among them, by a simple majority vote, to preside. Such a person shall, however, have no authority other than to preside at said meeting.

Section 8. COMMITTEES. The Chair, subject to appeal, shall establish such working groups or committees of the Board as may be deemed necessary and appropriate for the efficient functioning of the Board and appoint members for such working groups or committees (including persons who are not member(s) of the Board). Committee members shall be determined and voted upon by the Board at the time of election of officers. Additional members may be added at the discretion of the Board. Standing committees shall be chaired by a member of the Board. Each Committee may conduct meetings, hold hearings, and report to the Board on that portion of the Authority's business pertaining to said committee. A committee may exercise the power of the Board only as specifically authorized by written ordinance or resolution approved by the Board. If the existence of any committee or the membership thereof shall be appealed by any Board Member, the question shall be put to the Board.

#### Article IV

##### Procedure

Section 1. DUTIES OF MEMBERS. While the presiding officer is putting the question, no member shall leave the chamber where the meeting is held. Every member previous to speaking, making a motion or seconding the same shall address the presiding officer and shall not proceed with further remarks until



recognized by the Chair. Members shall confine themselves to the question under debate avoiding personalities, and refraining from impugning the motives of any other member's argument or vote. When two or more members choose to speak at the same time, the presiding officer shall name the member who is first to speak.

Section 2. VISITORS. No person other than a Board member shall address that body, except with the consent of a majority of the members present and recognition by the presiding officer, and except for public comment opportunities made available pursuant to the Open Meetings Act.

Section 3. DEBATE. All items of business that come before the Board shall be freely and openly debated. Every member shall have the right to speak on any question before the Board and debate shall proceed in such a manner as to encourage the free and full discussion of each item. Debate upon any issue shall not be limited except on the vote to end debate by a majority of all members.

Section 4. APPEALS FROM ACTIONS OF THE CHAIR. Any member may appeal to the Board from a procedural ruling or action of the Chair, and, if the appeal is seconded, the member making the appeal may briefly state his/her reasons for the same, and the Chair may briefly explain his/her ruling or action. The matter shall be subject to debate by the Board. After completion of debate or upon termination of debate by action of the Board as provided herein, the Chair shall then put the question, "Shall the action of the Chair be sustained?" If less than a majority of all Board Members vote, "Yes," the action of the Chair shall be overruled; otherwise it shall be sustained.

Section 5. VOTING. Every member, who shall be present when the question is stated from the Chair, shall vote thereon unless excused by the Board or unless he/she has a conflict of interest as to the question, in which case, he/she shall not vote.

Section 6. SECONDING OF MOTIONS REQUIRED: WRITTEN MOTIONS. Every motion in the Board meeting shall be recorded, noting the name of the member making the motion and the seconder, if any, and kept in the minutes of the meeting. Only a motion which receives a second shall be considered by the Board.

Section 7. WITHDRAWAL OF MOTIONS. A motion may be withdrawn at any time before a vote by the member who made the motion.

Section 8. PARTITION OF QUESTIONS. If any motion contains several distinct propositions, any member may ask that the question be divided and a separate vote be held on each proposition.

Section 9. "YEA" AND "NAY" VOTE. A roll call vote shall be taken upon passage of all ordinances, resolutions, and on all propositions that may create any liability against the Board, or for the expenditure or appropriation of its money, and such vote shall be entered in the minutes of the meeting. A roll call vote shall be taken upon other questions and entered in the minutes of the meeting if any member requests it prior to taking the vote on the question. The result of all votes by yeas and nays shall be announced by the presiding officer.

Section 10. PASSAGE. The concurring vote of five members shall be required for the exercise of any power of the Board identified in Section 9, above. All other powers of the Board may be passed by the assent of a simple majority of members voting.

Section 11. MOTIONS TO ADJOURN. A motion to adjourn the Board shall always be in order except:

1. When a member is in possession of the floor;
2. While the yeas and nays are being called;
3. When the members are voting.

A motion simply to adjourn shall not be subject to amendment or debate, but a motion to adjourn to a certain time shall be. The Board may, at any time, adjourn over one or more regular meetings, on a vote of a majority of all the Board members.

Section 12. MEMBER RESIGNATION. At such time as a duly appointed and sworn member of the Board shall choose to resign, that member shall submit notification in writing stating the effective date of resignation. Such notification shall be submitted via regular mail, E-mail, or in person to the Board Chair who shall ensure that the member's appointing authority is notified of the resignation.

Article V

Suspension of Rules

Section 1. AMENDMENT. These Bylaws may be amended, altered, changed, added to or repealed by affirmative vote of a majority of all the Board Members at any regular or special meeting of the Board if notice of the proposed amendment, alteration, change, addition or repeal be contained in the call of the meeting or if such action were proposed at a previous regular or special meeting of the Board. These Bylaws may be temporarily suspended by a vote of the majority of all the Members.

Section 2. ADOPTION OF "ROBERT'S RULES OF ORDER REVISED." The rules of parliamentary practice comprised in the latest published edition of Roberts "Rules of Order Revised" shall govern the Board in all cases to which they are applicable and not inconsistent with the statutory requirements or special rules of the Board as established in these Bylaws.

Section 3. ACTION OF BOARD. Failure to comply with any rule set forth herein shall not affect the validity of any action taken by the Board.

ADOPTED BY VOTE OF THE BOARD OF DIRECTORS THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2016, AND SHALL BE EFFECTIVE IMMEDIATELY.

\_\_\_\_\_  
Crystal Lake Civic Center Authority Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Crystal Lake Civic Center Authority Board Secretary

\_\_\_\_\_  
Date

5.

**INTERGOVERNMENTAL AGREEMENT BY AND BETWEEN CITY OF CRYSTAL LAKE AND CRYSTAL LAKE CIVIC CENTER AUTHORITY**

THIS INTERGOVERNMENTAL AGREEMENT (the "**Agreement**") is entered into on this \_\_\_\_ day of \_\_\_\_\_, 2016 by and between the CITY OF CRYSTAL LAKE (the "**City**"), an Illinois home rule municipality, and the CRYSTAL LAKE CIVIC CENTER AUTHORITY (the "**Authority**"), an Illinois municipal corporation (collectively referred to herein as the "Parties" and individually, generally as "**Party**").

**RECITALS**

A. The City is a home rule municipality operating under Article VII, Section 6 of the Constitution of the State of Illinois. The Authority is a civic center authority operating and existing pursuant to 70 ILCS 200/70-1 *et seq.* whose corporate limits are co-extensive with the corporate limits of the City.

B. The Authority was created by the Illinois General Assembly effective January 1, 1998 for the purpose of enhancing the ability of citizens of the City and the State to avail themselves of civic and cultural centers.

C. Pursuant to its statutory authority, the Authority has acquired certain real property commonly known as 26 N. Williams Street, Crystal Lake, Illinois 60014 and legally described as follows:

Lot 8 and a strip of land 12 feet wide from the entire Northeasterly side of Lot 9 in Block 15 in the original Plat of Nunda, being a part of the East half of the Southeast Quarter of Section 32, Township 44 North, Range 8 East of the Third Principal Meridian, according to the Plat thereof recorded August 13, 1868, in Book 43 of Deeds, Page 296, in McHenry County, Illinois,

(the "**Property**"), which Property has been improved with a theater and related improvements (the "**Center**").

D. In January 1998, the Authority entered into a lease (the "**1998 Lease**") with the Raue Center for the Arts, Inc., an Illinois not-for-profit corporation (the "**RCFA**") relating to the use, improvement, and operation of the Center.

E. After entering into the 1998 Lease, the Authority became inactive, as the RCFA had undertaken and was performing the essential responsibilities relating to the Property and the Center pursuant to the 1998 Lease.

F. In connection with the ongoing and future operations of the Center, it has been determined that it is necessary and appropriate to re-activate the Authority to ensure the ongoing strength of the Center, including the issuance of revenue bonds by the Authority (the “**Revenue Bonds**”) and the renegotiation of the 1998 Lease with the RCFA (the “**Updated Lease**”) to enhance the long-term financial strength of the Center.

G. The City has determined that it is in the best interests of the City and the common residents of the City and the Authority to preserve and promote the financial health and viability of the Center, which supports and strengthens the tax base of the City and promotes the public health, safety, and general welfare by contributing to a vibrant downtown area. In addition, in order to reduce expenses for the Authority and its residents (who are the City’s residents) and more fully utilize the administrative capabilities of the City, the City desires to assist the Authority in its administrative operations as further set forth in this Agreement.

H. Intergovernmental cooperation between Illinois local governments is authorized directly by Section 10(a) of Article VII of the Illinois Constitution 1970, and is further encouraged and authorized by the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*

I. The City Council of the City and the Board of the Authority have each determined that entering this Agreement is in the best interests of their mutual citizens and residents.

**NOW, THEREFORE**, in consideration of the foregoing premises, mutual promises, covenants, and agreements set forth herein, the Parties hereby agree as follows:

Section 1. Recitals. The foregoing recitals are material to this Agreement and are incorporated herein as though fully set forth in this Section 1.

Section 2. Administrative Assistance in General. The City desires to provide administrative assistance to the Authority, and the Authority desires to receive and utilize such assistance in accordance with the terms and conditions of this Agreement.

Section 3. Meeting and Storage Space and Equipment; Insurance.

A. Meeting Spaces. The City agrees to make available space within the City Hall (100 W. Woodstock Street, Crystal Lake, Illinois) for regular, special, and other meetings of and for the Authority. Prior to scheduling any meeting, the Authority shall make arrangements with the City to determine what

space within the City Hall will be available for such meeting, as well as what equipment (if any) will be needed in connection with such meeting. The City will make reasonable efforts to accommodate the Authority. The City agrees to provide such meeting space to the Authority without charge.

B. Storage Space. To the extent that the Authority requires storage space for its books, records, or other property, the City agrees to make reasonable efforts to accommodate the Authority's needs, including the provision of electronic storage space for the records of the Authority. The City agrees to maintain any such records for which it agrees to provide storage using the same care that it exercises in maintaining its own records and consistent with the requirements of the Local Records Act, 50 ILCS 205, and other applicable law.

C. Insurance. The City represents that it maintains insurance or self-insurance at an appropriate level, including coverage for property and stored materials. The Authority represents that it will seek to obtain and maintain public officials' liability insurance, and the City agrees to pay premiums for such insurance, subject to potential reimbursement pursuant to Section 5.E of this Agreement.

Section 4. Administrative Support. The City agrees to make its personnel available to assist the Authority in performing its various administrative duties, including the maintenance of records, accounting services, compliance activities under the Illinois Open Meetings Act, 5 ILCS 120, and the Illinois Freedom of Information Act, 5 ILCS 140 ("**FOIA**"). The Authority agrees to appoint one or more employee of the City (as the City may designate) as the Authority's (i) Secretary pursuant to 70 ILCS 200/2-100, (ii) Treasurer or assistant treasurer pursuant to 70 ILCS 200/2-100, and (iii) FOIA Officer. In making such appointments and utilizing the services of City employees, the Authority agrees not to adopt any policies or practices that are materially different from the standard operating procedures utilized by the City in its compliance activities under applicable law, and the Authority agrees to abide by such policies and practices of the City. The City agrees to make available its personnel to provide administrative services to the Authority without charge to the Authority.

Section 5. Consultant Services.

A. In General. The Parties recognize that the Authority may require various consultant services in order to perform its functions and duties, including activities regarding its general governance and its issuance of Revenue Bonds and the negotiation of an Updated Lease (the "**Services**").

B. General Legal Services. The Authority acknowledges that the City has retained the services of the Filippini Law Firm LLP ("**FLF**") as special counsel for various matters. The City and the Authority agrees that the Authority shall engage FLF to provide for legal representation with respect to the Services (exclusive of bond counsel services) pursuant to the terms set forth in the engagement letter attached hereto as Exhibit A, and subject to the conflict waiver letter attached hereto as Exhibit B. The City agrees that it will pay the reasonable fees and expenses that the Authority incurs through its use of FLF, subject to the additional terms set forth in Section 5.E of this Agreement.

C. Bond Counsel Services. The Authority agrees to engage Chapman and Cutler LLP ("**Chapman**") in connection with bond counsel services relating to the Revenue Bonds. The City agrees that it will pay the reasonable fees and expenses that the Authority incurs through its use of Chapman, subject to the additional terms set forth in Section 5.E of this Agreement.

D. Financial Advisor Services. The Authority agrees to engage PMA Securities, Inc. ("**PMA**") in connection with financial advisory services relating to the Revenue Bonds. The City agrees that it will pay the reasonable fees and expenses that the Authority incurs through its use of Chapman, subject to the additional terms set forth in Section 5.E of this Agreement.

E. Fee Reimbursements through Revenue Bond Proceeds. To the extent that the Authority is reasonably able to issue Revenue Bonds in an amount sufficient to pay the fees and expenses incurred by the Authority for the services of FLF, Chapman, and PMA pursuant to this Section 5 or the insurance premiums as described in Section 3.C of this Agreement, the Authority shall issue such amount of Revenue Bonds and either pay directly or reimburse the City for some or all of the fees and expenses incurred for the services of FLF, Chapman, and PMA or for the insurance premiums.

F. Other Services. To the extent that the Authority and the City determine that the Authority requires additional consultant services in connection with the Services, the Parties will confer and seek to reach a mutual agreement with respect to such additional consultant services.

Section 6. Incorporation of Exhibits. Exhibits A and B attached hereto are hereby incorporated into and made part of this Agreement. The Parties acknowledge and agree that Exhibits A and B contain information that is protected by the attorney-client privilege and the attorney work product privilege; as such, Exhibits A and B shall not be included with any copy of this Agreement except as between the

Parties.

Section 7. Applicable Law; Challenges to Agreement; Interpretation; Severability.

A. Applicable Law. This Agreement is executed and to be performed in the State of Illinois, and shall be governed by and construed in all respects, whether as to validity, construction, capacity, performance, or otherwise, in accordance with the laws of the State of Illinois.

B. Joint Defense. In the event that a third-party should make a claim or demand or file a suit challenging the provisions of this Agreement or its exhibits (including without limitation any challenge that this Agreement is unlawful or unauthorized) (a "**Claim**"), the Parties shall jointly defend themselves, each other, and this Agreement against such Claim, unless the Parties mutually agree to modify the Agreement in a manner that would negate the Claim. Nothing in this Agreement prevents the Parties from having the such defense addressed in accordance with Section 5.F of this Agreement.

C. Interpretation and Severability. In case of any conflict among the provisions of this Agreement, the provision that best promotes and reflects the intent of the Parties shall control. If any provision of this Agreement is construed or held to be void, invalid, or unenforceable in any respect, the remaining provisions of this Agreement shall not be affected thereby but shall remain in full force and effect.

D. Independent Parties. Nothing in this Agreement shall be deemed to make the Parties partners, joint venturers, or any other relationship other than independent parties engaged in a contractual relationship. No employees of the City (including those who might be appointed as Secretary or Treasurer of the Authority) shall be deemed employees of the Authority, and the Parties acknowledge and agree that all employment matters relating to such City employees shall be the responsibility of the City.

Section 8. Effective Date; Term.

A. Effective Date. This Agreement memorializes the understandings of the City and the Authority and, upon its approval and execution by both Parties, shall be effective as of August 1, 2016 (the "**Effective Date**").

B. Term. This Agreement shall be for an initial term of six months and will expire as of January 31, 2017, except that: (i) nothing shall prevent the Parties from mutually agreeing to extend the term of this Agreement; and (ii) either Party may terminate this Agreement upon 60 days' prior written notice.

Section 9. Execution in Counterparts. This Agreement and its exhibits may be executed in multiple identical counterparts, and all of such counterparts, taken individually and taken together, shall constitute the Agreement.

Section 10. No Third Party Beneficiaries. Nothing in this Agreement shall create, or shall be construed or interpreted to create, any legal or equitable third party beneficiary rights.

Section 11. Amendments. Except as expressly provided otherwise in this Agreement, this Agreement shall not be modified, changed, altered, amended, or terminated without the written and duly authorized consent of the City and the Authority.

Section 12. Notices. Any notice required or permitted to be given under the Agreement shall be in writing and may be given by (a) personal delivery, (b) nationally recognized overnight delivery service, (c) certified or registered mail, return receipt requested, or (d) electronic transmission, accompanied by any of the foregoing notice options; notice shall be deemed given (i) if given personally, as of the date delivered, (ii) if by overnight delivery service, the next business day following deposit with such service, (iii) if by certified or registered mail, three days after deposit thereof in any main or branch United States Post Office, or (iv) if by electronic transmission accompanied by any of the foregoing delivery options, the date of transmittal of the electronic transmission. Notices shall be sent to the parties, respectively, as follows:

For notices and communications to the City:

City of Crystal Lake  
100 W. Woodstock Street  
Crystal Lake IL 60014  
Attn: Gary Mayerhofer, City Manager  
E-Mail: gmayerhofer@crystallake.org

For notices and communications to the Authority:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
E-mail: \_\_\_\_\_

E-mail addresses of the foregoing recipients shall be the then-current official e-mail of the notice recipient. By notice complying with the foregoing requirements of this Section 12, each party shall have the right to change the addressees or addresses or both for all future notices and communications to such party, but no notice of such a change shall be effective until actually received.



IN WITNESS WHEREOF, the Parties have caused these presents to be executed by their duly authorized corporate officers and have caused their corporate seals to be hereunto affixed all as of the day and year first above written.

CRYSTAL LAKE CIVIC CENTER  
AUTHORITY

CITY OF CRYSTAL LAKE

By: \_\_\_\_\_  
Its Chair

By: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attest: \_\_\_\_\_  
Vice Chair

Attest: \_\_\_\_\_  
City Clerk

**EXHIBIT A**

**FLF Engagement Letter**

# FILIPPINI LAW FIRM

Tel 312.300.6554  
Fax 312.324.0668

Filippini Law Firm, LLP  
990 Grove Street  
Suite 220  
Evanston, IL 60201  
www.filippinilawfirm.com

**Victor P. Filippini, Jr.**  
312.300.6549  
Victor.filippini@filippinilawfirm.com

1 September 2016

Crystal Lake Civic Center Authority  
c/o City of Crystal Lake  
100 W. Woodstock Street  
Crystal Lake IL 60014

Re: Engagement Letter

**CONFIDENTIAL**  
**ATTORNEY-CLIENT PRIVILEGE AND ATTORNEY WORK PRODUCT**

Dear Members of the Civic Center Authority Board:

Thank you for retaining the Filippini Law Firm LLP (the "**Firm**") to represent the Crystal Lake Civic Center Authority (the "**Authority**") in connection with the "**Services**" described in Sections 5.A and 5.B of that certain "Intergovernmental Agreement By and Between City of Crystal Lake and Crystal Lake Civic Center Authority" effective 1 August 2016 (the "**IGA**"). Our engagement will relate to the Services. This engagement will be deemed to have commenced on 1 August 2016, subject to: (i) the execution of the IGA by the Authority and the City of Crystal Lake (the "**City**"); (ii) the execution and delivery by the Authority of this letter to the Firm; and (iii) the execution and delivery by the Authority and the City to the Firm of the conflict waiver letter of this same date and attached as Exhibit B to the IGA (the "**Waiver**"). Additionally, consistent with the IGA, this engagement will conclude as of 31 January 2017, unless otherwise mutually agreed in writing by the Authority and the Firm. We appreciate the opportunity to serve the needs of Authority and to maintaining a mutually satisfactory relationship.

The purpose of this letter is to provide certain information regarding the scope of our representation and the business terms of our engagement, including matters relating to our fees, billing and collection policies, and other terms that will govern our relationship. Although we do not wish to be overly formal in our relationship with you, we have found it a helpful practice to confirm with our clients the nature and terms of our representation. Attached to this letter are our Firm's standard terms of engagement. Please review these and let me know if you have any questions concerning our policies.

As you are aware, the Firm also represents the City as special counsel. Additionally, the Firm has prepared the IGA on behalf of the City and the Authority at the direction of the City. As such, the Waiver is an integral part of this engagement letter and by this reference is incorporated into the terms of this engagement letter.

With respect to our fees, the Firm will be charging its standard hourly rate for its attorneys. The current standard rates of our attorneys are set forth in the table below:

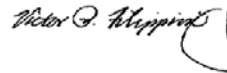
Attorney	Special Governmental Billing Rate
Vic Filippini	\$310
Marlo Del Percio	\$290
Betsy Gates	\$215
Robert Pickrell	\$210

Consistent with our standard terms of engagement, we will undertake an annual evaluation of the rates that will be charged for the services that this Firm provides. We understand that, pursuant to the IGA, the City has agreed to pay directly for our services, and therefore invoices will be directed to the City Manager, from whom all invoices will be available to the Authority.

If the terms described above and in the attached terms of engagement are satisfactory, please so indicate by signing in the space provided below and returning a copy of this letter.

We look forward to working with you to bring this engagement to a successful conclusion.

Very truly yours,  
FILIPPINI LAW FIRM, LLP



Victor P. Filippini, Jr., Partner

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**Crystal Lake Civic Center Authority**

By: \_\_\_\_\_

Date \_\_\_\_\_

Its: \_\_\_\_\_

**FILIPPINI LAW FIRM**

**TERMS OF ENGAGEMENT**

We appreciate your decision to retain Filippini Law Firm LLP as your legal counsel.

This document explains how we work, our obligations to you, your obligations to us, what we will do on your behalf, and how our charges will be determined and billed. Experience has shown that an understanding of these matters will contribute to a better relationship between us, and that in turn makes our efforts more productive.

Our engagement and the services that we will provide to you are limited to the matter identified in the accompanying letter. Any changes in the scope of our representation as described in the letter must be approved in writing. We will provide services of a strictly legal nature related to the matters described in that letter. You will provide us with the factual information and materials we require to perform the services identified in the letter, and you will make such business or technical decisions and determinations as are appropriate. You will not rely on us for business, investment, or accounting decisions, or expect us to investigate the character or credit of persons or entities with whom you may be dealing, unless otherwise specified in the letter.

We cannot guarantee the outcome of any matter. Any expression of our professional judgment regarding your matter or the potential outcome is, of course, limited by our knowledge of the facts and based on the law at the time of expression. It is also subject to any unknown or uncertain factors or conditions beyond our control.

***Confidentiality and Related Matters***

Regarding the ethics of our profession that will govern our representation, several points deserve emphasis. As a matter of professional responsibility, we are required to hold confidential all information relating to the representation of our clients. This professional obligation and the legal privilege for attorney-client communications exist to encourage candid and complete communication between a client and his lawyer. We can perform truly beneficial services for a client only if we are aware of all information that might be relevant to our representation. Consequently, we trust that our attorney-client relationship with you will be based on mutual confidence and unrestrained communication that will facilitate our proper representation of you.

Additionally, you should be aware that, in instances in which we represent a corporation or other entity, our client relationship is with the entity and not with its individual officers, officials, executives, shareholders, directors, members, managers, partners, or persons in similar positions, or with its parent, subsidiaries, or other affiliates. In those cases, our professional responsibilities are owed only to that entity, alone, and no conflict of interest will be asserted by you because we represent persons with respect to interests that are adverse to individual persons or business organizations who have a relationship with you. That is to say, unless the letter accompanying this document indicates otherwise, Filippini Law Firm's attorney-client relationship with the entity does not give rise to an attorney-client relationship with the parent, subsidiaries or other affiliates of the entity, and representation of the entity in this matter will not give rise to any conflict of interest in the event other clients of the firm are adverse to the parent, subsidiaries or other affiliates of the entity. Of course, we can also represent individual executives, shareholders, directors, members, managers, partners, and other persons related to the entity in matters that do not conflict with the interests of the entity, but any such representation will be the subject of a separate engagement letter. Similarly, when we represent a party on an insured claim, we represent the insured, not the insurer, even though we may be approved, selected, or paid by the insurer.

The firm attempts to achieve efficiencies and savings for its clients by managing the firm's administrative operations (e.g., file storage, document duplication, word processing, accounting/billing) in the most efficient manner possible, including outsourcing certain functions to third parties. Outsourcing in this manner may require the firm to allow access by third parties to your confidential information. The firm will follow applicable legal ethics rules with regard to such outsourcing and protection of confidential information.

### ***Fees and Billing***

Clients frequently ask us to estimate the fees and other charges they are likely to incur in connection with a particular matter. We are pleased to respond to such requests whenever possible with an estimate based on our professional judgment. This estimate always carries the understanding that, unless we agree otherwise in writing, it does not represent a maximum, minimum, or fixed fee quotation. The ultimate cost frequently is more or less than the amount estimated.

Legal Fees. We typically undertake engagements on an hourly basis, but we are amenable to alternative billing arrangements. For example, we may agree with our clients to perform services on a fixed-fee or other basis that we and the client believe will encourage efficiency and reflect the value of our services in relation to a particular objective.

If you and we have agreed on a fixed fee arrangement, our fees will not be limited to the fixed amount if you fail to make a complete and accurate disclosure of information that we have requested and that we reasonably require for our work, or if you materially change the terms, conditions, scope, or nature of the work, as described by you when we determined the fixed amount. If any of these events occurs, our fees will be based upon the other factors described below, unless you and we agree on a revised fixed fee.

If the accompanying engagement letter does not provide for a fixed fee, or if we do not otherwise confirm to you in writing a fee arrangement, our fees for services will be determined as described in the following paragraphs.

When establishing fees for services that we render, we are guided primarily by the time and labor required, although we also consider other appropriate factors, such as the novelty and difficulty of the legal issues involved; the legal skill required to perform the particular assignment; time-saving use of resources (including research, analysis, data and documentation) that we have previously developed and stored electronically or otherwise in quickly retrievable form; the fee customarily charged by comparable firms for similar legal services; the amount of money involved or at risk and the results obtained; and the time constraints imposed by either you or the circumstances. In determining a reasonable fee for the time and labor required for a particular matter, we consider the ability, experience, and reputation of the lawyer or lawyers in our firm who perform the services. To facilitate this determination, we internally assign to each lawyer an hourly rate based on these factors. Of course, our internal hourly rates change periodically to account for increases in our cost of delivering legal service, other economic factors, and the augmentation of a particular lawyer's ability, experience, and reputation. Any such changes in hourly rates are applied prospectively, as well as to unbilled time previously expended. We record and bill our time in one-tenth hour (six minute) increments.

When selecting lawyers to perform services for you, we generally seek to assign lawyers having the lowest hourly rates consistent with the skills, time demands, and other factors influencing the professional responsibility involved in each matter. That does not mean that we will always assign a lawyer with a lower hourly rate than other lawyers. As circumstances require, the services of lawyers in the firm with special skills or experience may be sought when that will either (a) reduce the legal expense to you, (b) provide a specialized legal skill needed, or (c) help move the matter forward more quickly. Also, to encourage the use of such lawyers in situations where their services can provide a significant benefit that is disproportionate to the time devoted to the matter, we may not bill for their services on an hourly rate basis but, if you agree in advance, we will adjust the fee on an "added value"

basis at the conclusion of the matter if and to the extent their services contribute to a favorable result for you.

Disbursements. In addition to legal fees, our statements will include out-of-pocket expenses that we have advanced on your behalf and our internal charges (which may exceed direct costs and allocated overhead expenses) for certain support activities. Alternatively, the firm may charge for such internal charges as a percentage of the fees charged. Advanced expenses generally will include, but are not limited to, such items as travel, postage, filing, recording, certification, and registration fees charged by governmental bodies. Our internal charges typically include, but are not limited to, such items as toll calls, facsimile transmissions, overnight courier services, certain charges for terminal time for computer research and complex document production, and charges for photocopying materials sent to the client or third parties or required for our use.

We may request an advance cost deposit when we expect that we will be required to incur substantial costs on behalf of the client.

During the course of our representation, it may be appropriate to hire third parties to provide services on your behalf. These services may include such things as consulting or testifying experts, investigators, providers of computerized litigation support, and court reporters. Because of the legal "work product" protection afforded to services that an attorney requests from third parties, in certain situations our firm may assume responsibility for retaining the appropriate service providers. Even if we do so, however, you will be responsible for paying all fees and expenses directly to the service providers or reimbursing us for these expenses.

The firm attempts to achieve efficiencies and savings for its clients when dealing with independent contractors. The firm may be able to obtain a reduced charge from the contractor if the firm provides certain functions, such as billing, collection, equipment, space, facilities, or clerical help. For these administrative and coordination services, the firm may charge an administrative fee, which will be separately disclosed to you.

Billing. We bill periodically throughout the engagement for a particular matter, and our periodic statements are due when rendered. If our fees are based primarily on the amount of our time devoted to the matter, our statements will be rendered monthly. In instances in which we represent more than one person with respect to a matter, each person that we represent is jointly and severally liable for our fees and expenses with respect to the representation. Our statements contain a concise summary of each matter for which legal services are rendered and a fee is charged.

If a statement remains unpaid for more than 30 days, you will be contacted by a firm representative inquiring why it is unpaid. Additionally, if a statement has not been paid within 30 days from its date, the firm may impose an interest charge of 1.25 percent per month (a 15 percent annual percentage rate) from the 30th day after the date of the statement until it is paid in full. Interest charges apply to specific monthly statements on an individual statement basis. Any payments made on past due statements are applied first to the oldest outstanding statement.

It is the firm's policy that if an invoice remains unpaid for more than 90 days, absent extraordinary circumstances and subject to legal ethics constraints, the firm's representation will cease, and you hereby authorize us to withdraw from all representation of you. Any unapplied deposits will be applied to outstanding balances. Generally, the firm will not recommence its representation or accept new work from you until your account is brought current and a new deposit for fees and costs, in an amount that the firm determines, is paid to it.

In addition, if you do not pay the firm's statements as they become due, the firm may require a substantial partial payment and delivery of an interest-bearing promissory note as part of any arrangement under which it may, in its discretion, agree to continue its representation. Any such promissory note will serve merely as evidence of your obligation, and shall not be regarded as payment.

If allowed by applicable law, the firm is entitled to reasonable attorneys' fees and court costs if collection activities are necessary. In addition, the firm shall have all general, possessory, or retaining liens, and all special or charging liens, recognized by law.

Payment of our fees and costs is not contingent on the ultimate outcome of our representation, unless we have expressly agreed in writing to a contingent fee.

Questions About Our Bills. We invite you to discuss freely with us any questions that you have concerning a fee charged for any matter. We want our clients to be satisfied with both the quality of our services and the reasonableness of the fees that we charge for those services. We will attempt to provide as much billing information as you require and in such customary form that you desire, and are willing to discuss with you any of the various billing formats we have available that best suits your needs.

#### ***Relationships with Other Clients***

We may be asked to represent a client with respect to interests that are adverse to those of another client who is represented by the firm in connection with another matter. Just as you would not wish to be prevented in an appropriate situation from retaining a law firm that competes with Filippini Law Firm, our firm wishes to be able to consider the representation of other persons or entities that may be competitors in your industry or who may have interests that are adverse to yours, but with respect to matters that are unrelated in any way to our representation of you. The ethics that govern us permit us to accept such multiple representations, assuming certain conditions are met, as set forth below.

During the term of this engagement, we will not accept representation of another client to pursue interests that are directly adverse to your interests unless and until we make full disclosure to you of all the relevant facts, circumstances, and implications of our undertaking the two representations, and confirm to you in good faith that we have done so and that the following criteria are met: (i) there is no substantial relationship between any matter in which we are representing or have represented you and the matter for the other client; (ii) any confidential information that we have received from you will not be available to the other client without your consent; (iii) our effective representation of you and the discharge of our professional responsibilities to you will not be prejudiced by our representation of the other client; and (iv) the other client has also consented in writing based on our full disclosure of the relevant facts, circumstances, and implications of our undertaking the two representations. If the foregoing conditions are satisfied, we may undertake the adverse representation and all conflict issues will be deemed to have been resolved or waived by you.

By making this agreement, we are establishing the criteria that will govern the exercise of your right under applicable ethical rules to object to our representation of another client whose interests are adverse to yours. If you contest in good faith the facts underlying our confirmation to you that the specified criteria have been met, then we will have the burden of reasonably supporting those facts.

#### ***Knowledge Management Tool***

In order to better and more economically serve our clients, we may implement a document search engine that will allow us to search the firm's institutional work product to determine whether there exist documents created for one client that can be used as a starting point for the preparation of new documents for other clients. Documents that are subject to ethics wall restrictions, have extraordinary confidentiality requirements, or contain sensitive client information will not be included in this system.

#### ***Termination***

Upon completion of the matter to which this representation applies, or upon earlier termination of our relationship, the attorney-client relationship will end unless you and we have expressly agreed to a continuation with respect to other matters. We hope, of course, that such a continuation will be the case. The representation is terminable at will by either of us. The termination of the representation



will not terminate your obligation to pay fees and expenses incurred prior to the termination and for any services rendered or disbursements required to implement the transition to new counsel.

\* \* \* \* \*

Your agreement to this engagement constitutes your acceptance of the foregoing terms and conditions. If any of them is unacceptable to you, please advise us now so that we can resolve any differences and proceed with a clear, complete, and consistent understanding of our relationship.

**EXHIBIT B**

**FLF Conflict Waiver Letter**



Tel 312.300.6554  
Fax 312.324.0668

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Suite 220  
Evanston, IL 60201  
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Victor P. Filippini, Jr.  
312.300.6549  
Victor.Filippini@filippinilawfirm.com

1 September 2016

Crystal Lake Civic Center Authority  
c/o City of Crystal Lake  
100 W. Woodstock Street  
Crystal Lake IL 60014

Mr. Gary Mayerhofer, City Manager  
City of Crystal Lake  
100 W. Woodstock Street  
Crystal Lake IL 60014

**Re: *Joint Representation and Conflict Waiver Regarding Intergovernmental Agreement and Services***

**CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE AND ATTORNEY WORK PRODUCT**

Ladies and Gentlemen:

Filippini Law Firm LLP ("**FLF**") currently represents the City of Crystal Lake (the "**City**") as special counsel on various matters. The City and the Crystal Lake Civic Center Authority (the "**Authority**") are intending to enter into a certain "Intergovernmental Agreement By and Between City of Crystal Lake and Crystal Lake Civic Center Authority" effective 1 August 2016 (the "**IGA**"), which IGA FLF prepared under the direction of the City for the benefit of the City and the Authority (collectively, the "**Parties**"). Pursuant to the IGA, the Parties desire to have FLF provide certain legal representation of the Authority as described in Sections 5.A and 5.B of the IGA (the "**Services**"), with the City having primary responsibility for payment of such Services. I write to receive the Parties' formal consent to have FLF undertake the Services pursuant to the IGA.

**Preparing the IGA and Performing the Services; Ethical Disclosures**

The Illinois Rules of Professional Conduct govern a lawyer's responsibility to his clients. Under Rule 1.7(c), "[w]hen representation of multiple clients in a single matter is undertaken, the disclosure shall include explanation of the implications of the common representation and the advantages and risks involved."

In this situation, the Services will be performed on behalf of the Authority, but as part and pursuant to the IGA. This arrangement has several advantages. First, FLF has familiarity with the matters that are the subject of the Services and other material issues that will be relevant to performing the Services, in part related to the fact that our lawyers drafted the IGA and have considerable experience in matters relating to the Services. Second, our role as special counsel for the City and the Parties mutual efforts under the IGA should help us to efficiently address matters of concern to both parties. Similarly, the proposed joint representation will help coordinate the efforts of the City and the Authority pursuant to the IGA, thereby ensuring that the objectives

Crystal Lake Civic Center Authority Board  
Gary Mayerhofer, City Manager  
1 September 2016  
Page 2

of the IGA can be responsively addressed for both Parties. In addition, because of FLF's familiarity with the Parties and with similar documents, our performance of the Services will likely result in cost savings by avoiding the "learning curve" that another attorney might need to overcome in order to perform the Services.

At the same time, having FLF perform the Services on behalf of the Authority pursuant to the IGA presents possible disadvantages. One such disadvantage is the possible divergence of goals between the Authority and the City. Because the Parties have indicated a high degree of cooperation pursuant to the IGA, as well as the focus of the Services (which arise from the IGA), that concern should be mitigated. In addition, because there always exist the possibility of contracting parties having independent and divergent views regarding a contract, FLF's representation of the Authority in providing the Services could present a divergence with its representation of the City; because of the limited scope of the Services and the fact that the IGA essentially calls for the City to provide services to the Authority without mutual undertakings of the Authority to serve the City, the possibility of this concern emerging in fact seems to be very remote.

A further possible disadvantage is that, because the Services involved drafting the IGA between the City and the Authority, there is the risk that FLF will be unable to meet its ethical obligation to represent both clients zealously. This risk is tempered by the facts that (a) the IGA substantially is a unilateral undertaking of the City to benefit the Authority, and (b) the Parties have both read and understood the IGA before executing this letter or the commencement of FLF's engagement with the Authority.

The concurrent representation of the City and the Authority in the context of the IGA and the Services arising therefrom also presents the risk that FLF's ability to provide independent counsel to the City or the Authority may be limited. To that end, we hereby agree to advise you in the event that circumstances might arise to affect our ability to proceed in providing the Services to the Authority without adversely affecting our relationships with either client.

Finally, as with any concurrent or joint representation, there is the risk that confidential information may be inadvertently revealed; this, of course, is a constant hazard that attorneys face in representing local governments, but our firm has instituted controls and developed practices to avoid that possibility, plus the scope of the Services and the provision of services by the City to the Authority should minimize any problems in that regard. Additionally, the Authority and the City acknowledge that FLF may communicate about matters relating to the Services with employees and officials of the City in connection with the services that such City officials and employees will be providing to the Authority under the IGA.

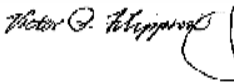
In light of the circumstances discussed above, we advised you both of our belief that FLF can effectively perform the Services on behalf of the Authority and in conjunction with the City consistent with the IGA and our ethical obligations under Rule 1.7.

If the matters discussed in this letter are acceptable to you, we request your signed consent in connection with our undertaking of the Services. To this end, please execute this letter in the space provided below and provide us with your signed consent by returning a copy of the signed letter to me.

Crystal Lake Civic Center Authority Board  
Gary Mayerhofer, City Manager  
1 September 2016  
Page 3

Sincerely,

FILIPPINI LAW FIRM LLP

A handwritten signature in black ink, appearing to read "Victor P. Filippini, Jr.", with a stylized flourish at the end.

Victor P. Filippini, Jr.

Enclosure

Crystal Lake Civic Center Authority Board  
Gary Mayerhofer, City Manager  
1 September 2016  
Page 4

**CITY OF CRYSTAL LAKE**

On behalf of the City of Crystal Lake, I hereby consent to and waive any conflict of interest in Filippini Law Firm LLP's concurrent representation of the City of Crystal Lake and the Crystal Lake Civic Center Authority with respect to the matter outlined in the above letter.

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**CRYSTAL LAKE CIVIC CENTER AUTHORITY**

On behalf of the Crystal Lake Civic Center Authority, I hereby consent to and waive any conflict of interest in Filippini Law Firm LLP's concurrent representation of the City of Crystal Lake and the Crystal Lake Civic Center Authority with respect to the matter outlined in the above letter.

Date: \_\_\_\_\_

Title: \_\_\_\_\_



- Darwin National Assurance Company  
 Darwin Select Insurance Company

THIS IS AN APPLICATION FOR A CLAIMS MADE POLICY WHICH APPLIES ONLY TO CLAIMS FIRST MADE DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD. DEFENSE EXPENSES WILL BE APPLIED AGAINST THE RETENTION AMOUNT.

**CLAIMS MADE PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY APPLICATION**

**I. GENERAL INFORMATION** Respond to the following inquiries. Use a separate sheet of paper for details that require further explanation.

1. Legal name of entity: Crystal Lake Civic Center Authority Population: 40,766  
 Street address : 100 W. Woodstock Street Seasonal Increase: N/A  
 City: Crystal Lake State: IL Zip: 60014  
 County: McHenry  
 Year entity established: 1-1-98 Largest city within 25 miles: Crystal Lake, IL

2. Make up of economic base of the entity. .10 % agricultural 9.4 % industrial 85.5% commercial 5.0 % residential

3. Do you have a risk manager?  Yes  No

4. Do you have a manager/administrator?  Yes  No  
 If "yes" provide years of experience in such a position. \_\_\_\_\_

5. Within the last 5 years have any of the following taken place?  
 a. Grand Jury investigations into activities of any official or employee.  Yes  No  
 If "yes" provide details.  
 b. Indictment of any official or employee.  Yes  No  
 If "yes" provide details.

6. Provide revenues and expenditures. *Provide an explanation for any deficit or large surplus.*

FISCAL YEAR	REVENUES	EXPENDITURES	SURPLUS (+)/ DEFICIT (-)	ACCUMULATED SURPLUS/ DEFICIT
N/A				

7. a. Provide a total amount of outstanding bonds. \$ None, but a \$2.4 million bond issuance is expected  
 b. Latest bond rating (Standard & Poor's or Moody's): N/A Previous Rating: N/A  
 c. Has the entity ever been in default on principal or interest of any bond?  Yes  No  
 If "yes" provide details.

**II. CLAIMS HISTORY** Provide currently valued company issued loss runs for the last 4 policy years.

1. Check here if there have been no claims made against the public entity during the last 4 policy periods.

2. Complete the following table for all claims made during the last 4 policy periods. Attach a separate sheet of paper if more space is needed.

CLAIM	POLICY YEAR	OPEN/ CLOSED	LOSS INCURRED	DEFENSE INCURRED	TOTAL INCURRED	DESCRIPTION OF ALLEGATIONS
1. None						
2.						
3.						
4.						
TOTALS						

3. Does any official or employee have knowledge of acts, errors, and/or omissions that might reasonably give rise to a claim or suit?  Yes  No
4. Have all known acts, errors, and/or omissions that might reasonably give rise to a claim been reported to the current insurer?  Yes  No
5. Check the boxes which generally describe the types of claims made against the public entity during the last 4 policy years.
- |                                     |   |   |   |                                    |
|-------------------------------------|---|---|---|------------------------------------|
| <input type="checkbox"/> Zoning     | <input type="checkbox"/> Permits Issuance | <input type="checkbox"/> Sex Harassment | <input type="checkbox"/> Termination      | <input type="checkbox"/> Equal Pay |
| <input type="checkbox"/> Suspension | <input type="checkbox"/> Discrimination   | <input type="checkbox"/> Land Use       | <input type="checkbox"/> License Issuance | <input type="checkbox"/> Variances |
| <input type="checkbox"/> Promotion  | <input type="checkbox"/> Demotion         | <input type="checkbox"/> Hiring         | <input type="checkbox"/> Segregation      |                                    |

**III. PUBLIC OFFICIALS INFORMATION** Respond to the following inquiries. Use a separate sheet of paper for details that require further explanation.

1. Does the public entity administer any of the following operations?  
For "yes" responses complete the applicable questions.

---

A. Police Department  Yes  No 1. If no, who provides service? \_\_\_\_\_

---

B. Zoning  Yes  No

1. Approximate # of zoning variations granted during the proceeding 12 months. \_\_\_\_\_

2. Is there a formal procedure in place for granting of variances?  Yes  No

3. Is there a policy which prohibits zoning board members from voting on zoning action which might affect a business which they own, invest in, or be employed or retained by?  Yes  No

4. Is there a policy which requires persons disclose such relationships?  Yes  No

5. Does the public entity's attorney attend all zoning board meetings?  Yes  No

6. Do you have a master plan for economic development?  Yes  No

---

C. Building Inspection  Yes  No

1. Do you have a formal process for application and approval of permits?  Yes  No

2. Any permit denials issued which have unusual circumstances?  Yes  No

If "yes" provide details.

---

D. Permit Issuance  Yes  No

1. Do you have a formal process for application and approval of permits?  Yes  No

2. Any permit denials issued which have unusual circumstances?  Yes  No

If "yes" provide details.

---

E. License Issuance  Yes  No

1. Do you have a formal process for application and approval of licenses?  Yes  No

2. Any permit denials issued which have unusual circumstances?  Yes  No

If "yes" provide details.

---

F. Tax Assessment/Collection  Yes  No

1. Do you reassess real property on a regular basis?  Yes  No

2. If so, how often? \_\_\_\_\_

3. If not, when was the last reassessment of all real property in entity's jurisdiction? \_\_\_\_\_

---

G. Water/ Sewer Utility  Yes  No Provide # of users: Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Industrial \_\_\_\_\_

---

H. Electric Utility  Yes  No Provide # of users: Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Industrial \_\_\_\_\_





4. Do you have a written personnel manual?  Yes  No

5. Date of latest update or revision. \_\_\_\_\_

6. Have employment applications and policies and procedures been reviewed by legal counsel?  Yes  No

7. Is the manual distributed to all personnel?  Yes  No

8. Is the manual reviewed with new employees as a part of employment orientation?  Yes  No

9. Does the personnel manual include policies and procedures for the following?

A. Hiring	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide an explanation for all "no" responses. _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____
B. Promotion	<input type="checkbox"/> Yes <input type="checkbox"/> No	
C. Demotion	<input type="checkbox"/> Yes <input type="checkbox"/> No	
D. Termination	<input type="checkbox"/> Yes <input type="checkbox"/> No	
E. Pre hire background checks	<input type="checkbox"/> Yes <input type="checkbox"/> No	
F. Suspension	<input type="checkbox"/> Yes <input type="checkbox"/> No	
G. Transfer	<input type="checkbox"/> Yes <input type="checkbox"/> No	
H. Sexual Harassment	<input type="checkbox"/> Yes <input type="checkbox"/> No	
I. Medical Leave	<input type="checkbox"/> Yes <input type="checkbox"/> No	
J. Unpaid Leave	<input type="checkbox"/> Yes <input type="checkbox"/> No	
K. Employee Grievance	<input type="checkbox"/> Yes <input type="checkbox"/> No	
L. Education and Training	<input type="checkbox"/> Yes <input type="checkbox"/> No	
M. Drug Testing	<input type="checkbox"/> Yes <input type="checkbox"/> No	
N. Administrative Hearings/ Appeals	<input type="checkbox"/> Yes <input type="checkbox"/> No	

10. Have managers/ department heads received training in all policies and procedures?  Yes  No

11. Are all employees provided with job descriptions?  Yes  No

12. Are all mandatory posters from EEOC and the state equivalent posted in a conspicuous place?  Yes  No

13. Have any of the following taken place during the last 5 years?

A. Strike, slowdown or other disruption?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
B. Layoff or reduction in staff?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
C. Employee suspensions?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
D. Employee dismissals?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
E. Employee transfers?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
F. Non-renewal of employment contracts?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
G. Employee termination?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
H. Administrative appeals?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____
I. Formal Grievances?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provide # of Incidents	_____

**V. CURRENT INSURANCE INFORMATION**

1. Please complete the table below.

COVERAGE	INSURER	EXPIRATION DATE	LIMITS	DEDUCTIBLE	PREMIUM
General Liability					
Automobile					
Public Officials					
Police Professional					

2. Does your current Public Official coverage include the features listed below?

A. Personal Injury for employment practices claims?  Yes  No

B. Coverage for specific award of back wages?  Yes  No sub limit \_\_\_\_\_

C. Defense of non-monetary employment claims?  Yes  No sub limit \_\_\_\_\_

D. Retroactive date?  Yes  No retroactive date \_\_\_\_\_

*If "yes" provide a copy of the declarations or endorsement which shows the retroactive date.*

**VI. LIMITS AND DEDUCTIBLE REQUESTED**

- 1. Per claim limit and annual aggregate limit: \_\_\_\_\_ per claim \_\_\_\_\_ annual aggregate
- 2. Deductible per claim: \_\_\_\_\_

**VII. AUTHORIZED ENTITY REPRESENTATIVE This application is for Claims-Made coverage. Read the policy carefully.**

1. Provide the name and title of the individual designated to receive any and all notices from the insurer concerning any policy issued as a result of this application.

Name \_\_\_\_\_  
Title \_\_\_\_\_

2. Entities Attestation: The authorized signer of this application attests to the best of his/her knowledge that statements set forth herein are true; that no fact, circumstance nor situation indicating the probability of a claim or action now known to any entity, official, or employee has not been declared; and it is agreed by all concerned that omission of such information shall exclude any such claim or action from coverage under the insurance being applied for. It is further acknowledged that the signed of this application does not bind the signer to purchase the insurance. However, it is agreed this form shall be the basis of the contract and any policy which might be issued.

**THE UNDERSIGNED AUTHORIZED REPRESENTATIVE, PARTNER, DIRECTOR OR OFFICER AGREES THAT IF THE INFORMATION SUPPLIED ON THIS APPLICATION CHANGES BETWEEN THE DATE THE APPLICATION IS EXECUTED AND THE TIME THE PROPOSED INSURANCE POLICY IS BOUND OR COVERAGE COMMENCES, THE NAMED INSURED WILL IMMEDIATELY NOTIFY THE INSURER IN WRITING OF SUCH CHANGES. THE INSURER RESERVES ITS RIGHTS TO MODIFY OR WITHDRAW ITS PROPOSAL.**

**THE UNDERSIGNED AUTHORIZED REPRESENTATIVE, REPRESENTS AND WARRANTS ON BEHALF OF THE NAMED INSURED AND ALL PERSONS OR ENTITIES FOR WHOM INSURANCE IS BEING SOUGHT THAT TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF AND AFTER DILIGENT INQUIRY, THE STATEMENTS SET FORTH IN THIS APPLICATION AND ANY ATTACHMENTS HERETO ARE TRUE AND ACCURATE. IT IS UNDERSTOOD THAT THE STATEMENTS IN THIS APPLICATION, INCLUDING MATERIALS SUBMITTED TO OR OBTAINED BY THE INSURER, ARE MATERIAL TO THE ACCEPTANCE OF THE RISK, AND RELIED UPON BY THE INSURER.**

**NOTICE TO APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME ANY MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.**

**NOTICE TO ARKANSAS AND WEST VIRGINIA APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.**

**NOTICE TO COLORADO APPLICANTS: IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICY HOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICY HOLDER OR CLAIMING WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.**

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.**

**NOTICE TO FLORIDA APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER, FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION, IS GUILTY OF A FELONY OF THE THIRD DEGREE.**

**NOTICE TO KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.**

**NOTICE TO LOUISIANA AND NEW MEXICO APPLICANTS: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN**

AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

NOTICE TO MAINE, TENNESSEE, VIRGINIA, AND WASHINGTON APPLICANTS: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES, AND DENIAL OF INSURANCE BENEFITS.

NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

NOTICE TO OKLAHOMA APPLICANTS: WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION IS GUILTY OF A FELONY.

NOTICE TO PENNSYLVANIA APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY, OR OTHER PERSON, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO NEW YORK APPLICANTS: ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY, OR OTHER PERSON, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

\_\_\_\_\_ Date  
Authorized Signatory of Entity

**VIII. AGENCY INFORMATION**

Agency Name \_\_\_\_\_ Contact \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Will you make surplus lines filings if necessary?  Yes  No Provide your surplus lines license number. \_\_\_\_\_



## FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the "Agreement") is made and entered into by and between the Crystal Lake Civic Center Authority, McHenry County, Illinois ("Issuer") and PMA Securities, Inc. ("PMA") effective as of August 8, 2016 (the "Effective Date"). The Issuer and PMA collectively constitute the "Parties" hereunder.

### WITNESSETH:

WHEREAS, the Issuer intends to issue its \$2,260,000\* Civic Center Authority Revenue Bonds (the "Securities"), and in connection with the authorization, sale, issuance and delivery of such indebtedness, the Issuer desires to retain a financial advisor to advise the Issuer regarding the issuance of the Securities;

WHEREAS, payments of debt service on the Securities are anticipated to be supported by rental and other revenues derived from the Raue Center, being a property under Issuer's ownership (the "Property");

WHEREAS, the Issuer further intends to contract with the Raue Center For the Arts, Inc. ("Obligor") to use, operate, maintain, repair, and manage the Property and to pay rents to the Issuer (the "Obligations") for purposes of paying debt service on the Securities;

WHEREAS, PMA is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by the Issuer during the period in which this Agreement shall be effective;

WHEREAS, the Issuer is a municipal entity and the Securities are municipal securities as defined by the Securities Exchange Act of 1934 and the rules of the Municipal Securities Rulemaking Board ("MSRB"); and

WHEREAS, PMA is registered as a municipal securities dealer and a municipal advisor with the U.S. Securities Exchange Commission ("SEC") and the MSRB and thus, may provide municipal advisor services to municipal entity such as the Issuer, including advice with respect to the issuance of municipal securities as a financial advisor.

NOW, THEREFORE, the Issuer and PMA, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

### SECTION I SCOPE OF SERVICES

Upon the request of an authorized representative of the Issuer, PMA agrees to perform the financial advisory services (hereinafter "Services" or "Scope of Services") stated in the following provisions of this Section I; and for having rendered such services, and for the Continuing Services described in Section III, the Issuer agrees to pay PMA the compensation as provided in Section VI hereof.

A. Financial Planning. At the direction of the Issuer, PMA shall:

1. Analysis. Conduct an analysis of the financial resources of the Obligor to determine the extent of its capacity to meet the Obligor's Obligations in connection with any Securities contemplated. This analysis will include reviews of any existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service. The analysis may take into account any outstanding indebtedness payable from the revenues of existing or projected facilities operated by the Obligor, additional revenues to be available from any proposed rate increases and additional revenues, as projected internally

\*Preliminary, subject to change, and reflects the current estimated par amount.

through the use of proprietary systems, through affiliated companies or by other parties employed by the Issuer, resulting from improvements to be financed by the Securities under consideration.

2. Recommendations for Securities. On the basis of the information developed by the analysis described above, and other information and experience available, submit to the Issuer recommendations regarding the Securities under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Securities to be sold on terms that are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.

3. Market Information. Advise the Issuer of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Securities may be set at a favorable time.

B. Debt Management and Financial Implementation. At the direction of the Issuer, PMA shall:

1. Method of Sale. Given the complexity, market acceptance, credit, size and structure of the financing contemplated, PMA recommends that the Securities be sold as a private placement.
  - a. If the Securities are to be marketed to non-governmental sophisticated investors, the Issuer shall identify the potential purchasers and provide the information to PMA. At the request of the Issuer, PMA will disseminate information, including any offering documents, to prospective purchasers, and collect prospective purchasers' timely submission of offers to purchase. PMA will analyze such offers to purchase and make a recommendation to the Issuer regarding the acceptance of one or more offers to purchase the Securities.
  - b. Under certain circumstances, PMA may recommend that the Issuer engage a placement agent for a private placement of the Securities. The recommendation to engage a placement agent will be based upon, but not limited to the following factors: the size and complexity of the Securities, the credit of the Issuer, the amortization length of the Securities, and whether the purchaser requires DTC eligibility. If PMA recommends the use of a placement agent, PMA will then recommend for the Issuer's formal approval and acceptance of an investment banking firm placement agent for the Securities. This may include a request for proposal for placement agent services. A recommendation will be based upon but not limited the following: proposed fee, indicative interest rates, recent comparable bond sales that support the rates, quality of structuring ideas proposed, and experience of the placement agent and its personnel.
2. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when PMA may be of assistance or service and the subject of financing is to be discussed.
3. Review of Third Party Recommendations. If the review of a recommendation of another party is requested by the Issuer and within the Scope of Services, PMA will determine, based on the information obtained through reasonable diligence, whether the municipal securities transaction or municipal financial product is or is not suitable for the Issuer. In addition, PMA will inform the Issuer of:
  - a. PMA's evaluation of the material risks, potential benefits, structure, and other characteristics of the recommended municipal securities transaction or municipal financial product;
  - b. The basis upon which PMA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Issuer; and

- c. Whether PMA has investigated or considered other reasonably feasible alternatives to the recommended municipal securities transaction or municipal financial product that might also or alternatively serve the Issuer's objectives.
4. Offering Documents. PMA will draft the preliminary and final Official Statements, Offering Memorandums or Term Sheets ("Offering Documents"), perform research, data collection, production and due diligence review for the Offering Documents and submit such documents to the Issuer for examination, approval and certification of the disclosures in the preliminary and final official statements, and other disclosures to the public. PMA will also electronically distribute and post the Offering Documents. Lastly, PMA shall deliver the final Offering Documents to the purchaser of the Securities in accordance with MSRB rules. Please note that the Offering Documents contain the Issuer's statements about itself upon which it intends others to rely, including statements about its financial condition, the Securities, the project or program to be financed with the Securities and the sources of repayment of the Securities. Its purpose is to inform potential investors of all relevant information in order to decide whether or not to buy the Securities.
5. Trustee, Paying Agent, Registrar. Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Securities, and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.
6. Escrow Bidding Agent, Escrow Agent, Verification Agent. Upon request and if needed, PMA will counsel with the Issuer in the selection of an escrow bidding agent, an escrow agent and/or a verification agent for the Securities, and assist in the negotiation of agreements pertinent to those services and the fees incident thereto.
7. Financial Publications. When appropriate, advise financial publications of the forthcoming sale of the Securities and provide them with all pertinent information. Upon request, PMA will coordinate the publication of legal notices when required by law for the issuance of the Securities.
8. Consultants. After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Securities and assist in the negotiation of agreements pertinent to those services and the fees incident thereto.
9. Bond Counsel and Disclosure Counsel. Maintain liaison with bond counsel and disclosure counsel, if any, in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Securities.
10. Delivery of the Securities. As soon as a bid for the Securities is accepted by the Issuer, coordinate the efforts of the working group for the Securities, which typically includes the Issuer, underwriter, bond counsel, and other counsel, as applicable, rating agency, bond registrar, paying agent, and any other third party engaged by the Issuer that the Securities may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Securities.

C. Limitations on Services. The Services are subject to the following limitations:

1. The Services are limited solely to the services described therein and are subject to any limitations set forth within the Scope of Services.
2. PMA is not responsible for certifying as to the accuracy or completeness of any preliminary or final Offering Documents, other than with respect to any information about PMA provided by PMA for inclusion in such documents.

3. PMA is not responsible for identifying prospective purchasers for the Securities.
4. The Services do not include tax, legal, accounting or engineering advice with respect to any Issue(s) or in connection with any opinion or certificate rendered by bond counsel or any other person at closing, and does not include review or advice on any feasibility study.
5. Unless requested by the Issuer, PMA will not negotiate fees or send out a request for proposal for legal services including Issuer counsel, bond counsel, underwriter's counsel or disclosure counsel.

D. Amendment to Scope of Services. The Scope of Services may be amended as set forth in Section VIII.C. The Parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services. Changes to the Scope of Services may result in an increased fee.

## SECTION II MUNICIPAL ADVISOR'S REGULATORY DUTIES WHEN SERVICING CLIENT

MSRB Rule G-42 requires that PMA make a reasonable inquiry as to the facts that are relevant to the Issuer's determination whether to proceed with a course of action or that form the basis for and advice provided by PMA to the Issuer. The rule also requires that PMA undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. PMA is also required under Rule G-42 to use reasonable diligence to know the essential facts about the Issuer and the authority of each person acting on the Issuer's behalf.

A. Evaluation of Course of Action. PMA will evaluate the material risks, potential benefits, structure, and other characteristics of the transaction.

1. The potential benefits involved with issuing the Securities include, among other things:
  - a. Addressing Funding Needs. The Securities are being issued to meet funding needs in connection with the use, operation, maintenance, and repair of the Property, including costs to be incurred with respect to Obligor's management of the Property.
  - b. Relative Low Cost of Financing. Municipal obligations, such as the Securities, generally offer a lower cost of financing than other available alternatives.
  - c. Ability to Lower Cost of Financing in the Future. To the extent the Securities, or a portion of the Securities, are subject to a prepayment provision, the Issuer may be able to lower the cost of financing with a future refinancing of the Securities.
  - d. Ability to Restructure Payments in the Future. To the extent the Securities, or a portion of the Securities, are subject to a prepayment provision, the Issuer may be able to restructure the repayment schedule with a future refinancing or defeasance of the Securities.
2. The potential risks involved with issuing the Securities include, among other things:
  - a. Interest Rate Risk. The Securities are issued at a fixed rate(s). If market interest rates decline subsequent to the sale of the Securities, the Issuer will not be able to take advantage of lower market interest rates for the Securities unless and until the Securities can be prepaid or refinanced.
  - b. Prepayment Risk. To the extent the Securities, or a portion of the Securities, are not subject to a prepayment provision, the Issuer cannot prepay the Securities prior to their maturity date(s).



- c. Closing Risk. If the Securities fail to attract an appropriate purchaser, or fail to be delivered at closing, the Issuer will not receive proceeds from the Securities.
- d. Default Risk. If the Issuer fails to make the scheduled principal and/or interest payment(s) on the Securities in a timely manner, a default will occur, which negatively affects the Issuer's ability to get financing for other needs.
- e. Tax Risk. If the opinion of bond counsel for the Securities identifies the Securities as *tax-exempt* or *tax advantaged*, and the Internal Revenue Service ("IRS") subsequently determines the Securities are *taxable* or *ineligible for a tax credit*, this determination could cause the IRS to change the designation of the Securities to taxable or to revoke the tax credits, resulting in potential adverse publicity, impairment of the Issuer's ability to issue municipal bonds in the future, litigation from bondholders and others, or a settlement agreement between the IRS and the Issuer resulting in a payment from the Issuer to the IRS to maintain the tax-exempt or tax advantaged status of the Securities. Potential causes of such a determination may include, but are not limited to, the following: the Issuer or Obligor does not spend the proceeds of the Securities in a timely manner, change in use of the project financed by the Securities, and any other determination by the IRS that rules governing the issuance of tax-exempt obligations were violated.
- f. Disclosure Risk. To the extent the SEC determines that a material fact was omitted from the Offering Documents or a material misstatement was made in the Offering Documents, the SEC could determine that the Issuer or the Obligor violated the federal securities laws.

B. Suitability. PMA will evaluate the suitability of the method of finance through issuance of the Securities for the Issuer in order to determine whether the Securities are suitable.

1. The factors used in determining that the Securities are suitable for the Issuer may include:
  - a. The Issuer is a municipal entity and the Securities are municipal securities, which is an appropriate means of financing for the Issuer.
  - b. PMA will review the Issuer's and Obligor's financial situation, needs and objectives, tax status, risk tolerance, liquidity needs, and experience with municipal securities transactions, as applicable, and will determine whether the Securities are an appropriate method of finance for the Issuer.
  - c. PMA will contemplate or review other reasonably feasible alternatives to the issuance of the Securities and, together with the Issuer, have determined that the Securities are the preferred alternative.

C. Cooperation in Meeting Regulatory Requirements. The Issuer and PMA agree that they have regulatory duties and agree to cooperate, and to cause their agents to cooperate, in carrying out these regulatory duties, including providing complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, PMA agrees that, to the extent the Issuer seeks to have PMA provide advice with regard to any recommendation made by a third party, the Issuer will provide to PMA written direction to do so and any information it has received from such third party relating to its recommendation.

### SECTION III CONTINUING SERVICES

If requested by the Issuer, PMA will perform continuing services for the Issuer, as follows: debt summary and debt book updates; educational presentations to the Issuer's governing body, community and/or staff; review paying agent/DTC invoices for accuracy; assist with filing debt related documents with other government entities such as the state; and assist with post-issuance compliance per the rules of the IRS.

#### SECTION IV TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date and, unless earlier terminated by either Party pursuant to Section V of this Agreement, terminate as of the later of the expiration of the provisions of Section I of this Agreement or, if Continuing Services set forth in Section III of this Agreement are requested by the Issuer, the expiration of the provisions of Section III of this Agreement. The provisions of Section I of this Agreement shall expire upon the closing of the Securities. If Continuing Services set forth in Section III of this Agreement are requested by the Issuer, the provisions of Section III shall expire on the earlier of the execution of a subsequent Financial Advisory Agreement between the Issuer and PMA or three (3) years after the Effective Date of this Agreement.

#### SECTION V TERMINATION

This Agreement may be terminated with or without cause by the Issuer upon the giving of prior written notice to PMA or by PMA upon the giving of at least thirty (30) days' prior written notice to the Issuer of the Party's intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that no amounts are due to PMA for services provided or expenses incurred. No penalty will be assessed for termination of this Agreement. The provisions of Section VII.B shall survive any termination of this Agreement pursuant to this Section V or expiration of the term of this Agreement pursuant to Section IV.

#### SECTION VI COMPENSATION AND EXPENSE REIMBURSEMENT

A. Compensation. The fees due to PMA for the Scope of Services set forth and described in Section I of this Agreement, some of which pre-date the Effective Date of this Agreement but which are included in the Scope of Services hereunder, the Issuer agrees to pay and PMA accept a fee not to exceed \$15,000. Such fees, for which PMA is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Securities to the purchaser.

As set forth in PMA's *Municipal Advisor Disclosure Statement*, we highlight that this Agreement involves contingent based compensation subject to compensation based conflict. Also, we note how it relates to different structures or scenarios. For example, recommending a multi-issuance strategy versus a single issuance strategy could result in additional compensation for PMA and the application of minimum fees, if any. However, this recommendation would be made only if the benefits exceed the costs. Such benefits could include bank qualification, reduced negative arbitrage in the investment of bond proceeds, and meeting the financial goals of the Issuer. Also, the additional compensation would be paid over time, subject to the retention of PMA for subsequent issuances.

B. Issuer Expenses. Customary fees and expenses incident to a sale are payable by the Issuer. These fees and expenses can include, depending upon the final structure, underwriter, bond counsel, local counsel, disclosure counsel, rating agency, insurance premium, trustee/paying agency, competitive sale auction platform, escrow bidding agent and verification agent, if applicable.

#### SECTION VII DISCLOSURES

A. Disclosures. As also set forth in the *Municipal Advisor Disclosure Statement*, PMA Securities, Inc. is a broker-dealer and municipal advisor registered with the SEC and MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to institutional clients, including financial

advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, Inc., a financial services provider, and Prudent Man Advisors, Inc., an investment adviser registered with the SEC (the "Advisory Affiliate"). These entities operate under common ownership with the Firm and are referred to in this disclosure as the "PMA Affiliates." PMA is also affiliated with Forecast5 Analytics, Inc., a data analytics company which offers software and forecasting and consulting services to municipal entities, and PMA Leasing, Inc., an equipment leasing company. These entities and the PMA Affiliates are referred to in this disclosure collectively as the "Affiliates." Each of these Affiliates also provides services to municipal entity clients. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

PMA's duties, responsibilities, and fees arise from that as Financial Advisor to the Issuer in connection with this issuance. PMA receives additional fees for the services used by the Issuer, if any, described in the paragraph above. The fees for these services arise from separate agreements with the Issuer and with institutions of which the Issuer may be a member.

Additional disclosures are required with the implementation of MSRB Rule G-42. PMA is required to provide the Issuer with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. By signing this Agreement, the Issuer acknowledges that PMA has provided the Issuer with the *PMA Securities, Inc. Municipal Advisor Disclosure Statement*, which contains important disclosures on matters such as all material conflicts of interest and all legal and disciplinary events that are material to a client's evaluation of us relevant to our provision of municipal advisory services. This disclosure document also will specify the date of the last material change or addition to the legal or disciplinary event disclosures, if any, on any Form MA or Form MA-I that we file with the SEC and a brief explanation for the materiality of the change or addition.

**B. Scope of Liability.** PMA, at all times, will act in good faith with respect to its Services under this Agreement. The Issuer agrees that PMA shall not be liable to the Issuer for any act or omission in connection with the performance of PMA's services hereunder, other than as a result of PMA's reckless conduct, intentional misconduct, bad faith, violation of applicable law or material breach of this Agreement. PMA will have no duty, responsibility or liability under this Agreement as to any services identified in Section I.C. of this Agreement, relating to the limitation of services. PMA shall not be responsible for any loss incurred by reason of any act or omission of the Issuer, or any member of the working group for the Securities. No recourse may be had against PMA for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Issuer arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action or other proceeding brought or received from the Internal Revenue Service in connection with the Securities or otherwise relating to the tax treatment of the Securities, or in connection with any opinion or certificate rendered by counsel or any other party.

It is understood that nothing herein shall in any way constitute a waiver or limitation of any of the obligations which PMA may have under federal securities laws or under applicable state law.

## SECTION VIII MISCELLANEOUS

- A. **Choice of Law.** This Agreement shall be construed and given effect in accordance with the laws of the State of Illinois, without regard to conflict of law principles.
- B. **Binding Effect: Assignment.** This Agreement shall be binding upon and inure to the benefit of the Issuer and PMA, their respective successors and assigns; provided however, neither Party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other Party.

C. Entire Agreement. This instrument contains the entire agreement between the Parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed or acknowledged by each Party hereto. The form of this modification may include an email acknowledged by each Party.

PMA Securities, Inc.

Crystal Lake Civic Center Authority  
McHenry County, Illinois

By: \_\_\_\_\_

By<sup>(1)</sup>: \_\_\_\_\_

Robert E. Lewis  
Senior Vice President  
Managing Director

\_\_\_\_\_  
Print Name

Date: August 8, 2016

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

James O. Davis  
Chief Executive Officer

Date: As referenced by date stamp above

(1) By signing this disclosure, as representative of the Issuer, the representative acknowledges that he or she has the ability to bind the Issuer by contract with PMA and that he or she is not a party to a disclosed conflict.

**PMA Use Only:**

Reviewed \_\_\_\_\_ Date \_\_/\_\_/2016\_

8.

## LEASE AGREEMENT

Agreement of Lease, made as of this \_\_\_\_ day of \_\_\_\_\_ 201\_\_, between CRYSTAL LAKE CIVIC CENTER AUTHORITY, an Illinois Municipal Corporation, 100 West Municipal Complex, Crystal Lake, Illinois, 60014 (hereinafter referred to as “Lessor”) and RAUE CENTER FOR THE ARTS, INC., an Illinois Not-For-Profit Corporation, 26 N. Williams Street, Crystal Lake, Illinois 60014 (hereinafter referred to as “Lessee”), the terms “Lessor” and “Lessee” to include their successors and assigns wherever the context so requires or permits, and collectively the Lessor and Lessee shall be referred to in this Lease as the “Parties.”

### I. DESCRIPTION OF PROPERTY

In consideration of the mutual covenants contained herein, Lessor hereby leases to Lessee, and the Lessee hereby leases from the Lessor the “Demised Premises,” which is that portion (described below) of the property commonly known as 26 N. Williams Street, Crystal Lake, Illinois 60014 and legally described as follows:

Lot 8 and a strip of land 12 feet wide from the entire Northeasterly side of Lot 9 in Block 15 in the original Plat of Nunda, being a part of the East half of the Southeast Quarter of Section 32, Township 44 North, Range 8 East of the Third Principal Meridian, according to the Plat thereof recorded August 13, 1868, in Book 43 of Deeds, Page 296, in McHenry County, Illinois, (the “Property”). The Demised Premises are that portion of the Property comprised of the commercial improvements as more specifically depicted on Exhibit A of this Lease.

### II. TERM OF LEASE AND RENT

A. Term. Subject to paragraph XII hereof, the term of this Lease shall be for \_\_\_\_\_ (\_\_\_) years commencing on \_\_\_\_\_, 20\_\_, and ending on \_\_\_\_\_, 2\_\_.

B. Base Rent. The Lessee shall hold the Demised Premises during the full term of this Lease and paying as rent, except only in case of fire or other casualty, or breach of this Lease by Lessor, the sum of \$\_\_\_\_\_ per year (“Base Rent”) and other good and valuable considerations including the terms of this Lease, for said term payable annually on the 1st day of January of each year. Lessor may impose and Lessee agrees to pay a late charge not exceeding ten percent (10%) of any lease payment which is paid more than ten (10) days beyond the payment due date and which Lessor elects to accept.

C. Additional Rent Payments. The Parties acknowledge that this Lease supersedes that certain Lease between the Parties dated January 28, 1998 (the “Prior Lease”). During the term of the Prior Lease, Lessee sought and received loans in connection with its use and improvement of the Demised Premises from Home State Bank, NA (the “Prior Financing”). Lessor has agreed to assist Lessee in restructuring the Prior Financing by issuing revenue bonds known as \_\_\_\_\_ (the “Revenue Bonds”). In consideration of the Lessor’s issuance of the Revenue Bonds to restructure the Prior Financing, and as additional rent for the Demised Property, Lessee agrees to make timely payments directly to *[the Revenue Bond Trustee]* of the principal and interest payments due on the revenue Bonds as set forth on Exhibit B to this Lease (the “Revenue Bond Payments”). Lessee’s obligation to make the Revenue Bond Payments are absolute and shall not be subject to rights of set-off or withholding based on any actual or alleged breach of this Lease by Lessor.

### III. LESSEE' S COVENANTS

The Lessee agrees:

(a) That it will pay the Base Rent and the Revenue Bond Payments (collectively, “Rent”) at the times and in the manner set forth in this Lease.

(b) Lessee agrees that they will pay immediately when due and payable and prior to the date when the same shall become delinquent, all general and special taxes, special assessments, water charges, sewer

service charges and other taxes, fees, liens and charges now or hereafter levied or assessed or charged against the Demised Premises and will furnish Lessor with original or duplicate receipts therefor. Failure to make the payments required hereunder shall constitute a breach of this Agreement.

(c) That it will pay all special assessments for improvements to the Demised Premises not yet completed.

(d) That it will carry, during the entire term or any extended term hereof, at its own cost and expense, dram shop (at such time as any alcoholic beverages shall be served), public liability and casualty insurance in an amount reasonably approved by Lessor, insuring Lessee and Lessor (as an additional assured) against any covered liability that may accrue against them or either of them on account of any occurrences in or about the Demised Premises during the term or in consequence of Lessee's occupancy thereof and resulting in personal injury or death or property damage. Lessee shall furnish to Lessor certificates of all insurance and any cancellations of insurance required under this paragraph. Anything in this Paragraph III or elsewhere in this Lease to the contrary notwithstanding, neither Lessee nor Lessee's insurers shall have any liability for any claims, demands or actions arising out of or in connection with any act or omission of Lessor or Lessor's employees, contractors, agents, licensees or invitees.

(e) That it will, during the entire term or any extended term hereof, at its own cost and expense, pay the cost of keeping the building improvements on the Demised Premises adequately insured in an amount reasonably approved by Lessor, in reliable companies against damages caused by fire and against other risks covered by standard extended coverage endorsements.

(f) That subject to Paragraph IV hereof, it will at all times during the term or any extended term hereof, keep the Demised Premises with the appurtenances, fixtures, installations, and equipment attached and related thereto, in good repair and condition as existed on the possession date of this Lease, ordinary wear and tear, fire and other casualty, and breach by Lessor hereunder excepted. Pursuant to Paragraph IV hereof, the Lessee shall be responsible for the complete or substantially complete replacement of the roof and other portions of the exterior structure of the property of which the Demised Premises are a part and certain portions of the systems servicing the Demised Premises, in the event it should become necessary.

(g) That Lessee shall indemnify, defend and hold harmless Lessor, its respective directors, officers, employees, contractors, agents, attorneys, and representatives, from and against any and all liabilities, losses, damages, claims and expenses (including, without limitation, reasonable attorneys' fees and costs) arising out of or in connection with any acts or omissions of Lessee or any of its agents, servants, employees, invitees, licensees, or any other person using Demised Premises under the authorization of the Lessee.

(h) That, if directly metered for the Demised Premises only, it will promptly pay all gas, electric light, water fees, rates, or charges and refuse removal which may become payable, with respect to the Demised Premises only, during the continuance of this Lease for gas, electric, light or water used on the Demised Premises. To the extent that such utilities are metered jointly for the Demised Premises and any other portion of the Property, Lessee shall be required to pay all fees, rates, or charges for the entire Property, and Lessor agrees to reimburse Lessee for [5%] of such fees, rates, and charges within 35 days after presentment of the utility bills and proof of payment by Lessee to Lessor.

(i) That it will not make any alterations or additions in or to the Demised Premises without the written consent of the Lessor. The Lessee intends to commence construction of various improvements in connection with Lessee's use of the premises as a Theater and related uses. Lessor approves of the proposed renovation and remodeling improvements for the theater building located on the Property including, but not limited to, plumbing, inside electrical circuitry, heating, roof replacement or repair and other restoration, all as more specifically set forth in Exhibit C to this Lease.

(j) That at the expiration of the term of this Lease, Lessee will peaceably yield up to the Lessor the Demised Premises and all improvements and additions made upon the same in good repair in all respects, reasonable use and wear and damage by fire and other unavoidable casualties excepted.

(k) That no assent, express or implied, by the Lessor to any breach of any of the Lessee's covenants, shall be deemed to be a waiver of any succeeding breach of the same covenant.

(l) That it will keep the interior of the Demised Premises in good repair and shall make all necessary repairs and renewals upon the Demised Premises and shall replace broken globes, glass and fixtures; provided that, if the Demised Premises shall not be kept in good repair, then: (i) Lessor shall have the right (but not the duty) to enter the Demised Premises, directly or through its agents, servants or employees, and replace, repair, or restore the same to a condition of good repair; (ii) Lessee agrees to pay Lessor, in addition to the Rent, the reasonable expenses of Lessor in replacing, repairing, or restoring the Demised Premises as herein provided; and (iii) Lessee agrees that any such entry by Lessor shall not cause or constitute a termination of the Lease or an interference with the possession of the Demised Premises by Lessee.

(m) That it shall have the right to erect such signs upon the building occupied by the Lessee provided that such signs shall be erected at the sole expense of the Lessee and shall comply with the sign ordinance of the City of Crystal Lake.

(n) That it will not, nor will any approved sublessees, store any hazardous materials on the Property. Any storage on the Demised Premises will be done in compliance with federal and state laws and city or local ordinances or building codes. The Lessee shall be responsible for the clean-up of any hazardous material spilled on the premises at Lessee's sole expense. Further, Lessee shall indemnify, defend and hold harmless Lessor, its respective directors, officers, employees, contractors, agents, attorneys, and representatives, from and against any and all liabilities, losses, damages, claims and expenses (including, without limitation, reasonable attorneys' fees and costs) arising out of or in connection with any breach of this Paragraph III(n).

#### IV. LESSOR'S COVENANTS

The Lessor agrees:

(a) That Lessor is seized in fee simple title to the Property free, clear and unencumbered.

(b) That so long as Lessee fulfills the conditions and covenants required of it to be performed, Lessee will have peaceful and quiet possession of the Demised Premises.

(c) That Lessor has good right, full power and lawful authority to make this Lease for the full term and any extensions thereof.

(d) That in the event that the Demised Premises are not free, clear and unencumbered or become burdened through no act or neglect of the Lessee, Lessor will pay all costs and damages resulting therefrom to the Lessee, including reasonable attorney's fees, and Lessee, in addition to any and all remedies available to it at law or in equity, shall have the right and the option of cancelling this Lease thereby being released of all of the covenants herein contained as of the date that notice of exercise of such option is given to the Lessor.

(e) That Lessor shall indemnify, defend and hold harmless Lessee, its respective directors, officers, shareholders, employees, contractors, agents, licensees, invitees, successors, heirs and assigns, from and against any and all liabilities, losses, damages, claims and expenses (including, without limitation, reasonable attorneys' fees and costs) arising out of or in connection with any acts or omissions of Lessor or Lessor's employees, contractors, agents, licensees or invitees.

(f) That no assent, express or implied, by the Lessee to any breach of any of the Lessor's covenants, shall be deemed to be a waiver or any succeeding breach of the same covenant.

#### V. RIGHT OF RE-ENTRY AND HOLD OVER

If the Lessee or its representatives or assigns shall neglect or fail to perform and observe any covenants which on the Lessee's part is to be performed, or if its leasehold estate shall be taken on execution, or if the Lessee shall be declared bankrupt or insolvent according to law, or shall make an assignment for the benefit of its creditors, then the Lessor may, immediately or at any time thereafter and without notice or demand, enter into and upon the Demised Premises or any part thereof and repossess the same as of their former estate and expel the Lessee and those claiming under it and remove their effects, forcibly if necessary, without being taken or deemed to be guilty of any manner of trespass; and thereupon this Lease shall terminate, but without prejudice to any remedies which might otherwise be used by the Lessor for arrears of Rent (including the Revenue Bond Payments) or any breach of Lessee's covenants.

#### VI. TERMINATION OF LEASE IN CASE OF FIRE

(a) If during the term of this Lease, the Demised Premises shall be substantially destroyed by fire, the elements or other causes, then this Lease, at the option of either Lessor or Lessee as provided in this Paragraph VI, shall cease and terminate. Thereupon, each of Lessor and Lessee shall be released from any further obligations hereunder, except for Lessee's obligations with respect to the Revenue Bond Payments. Either Lessor or Lessee may exercise this option to terminate, if at all, by giving written notice thereof to the other, at the other's address set forth in this Lease, by registered or certified mail, return receipt requested, no later than sixty (60) days after the date that the substantial destruction occurred. Such notice of exercise shall be effective upon Lessee's mailing of such notice as aforesaid. If the Demised Premises shall only be partially destroyed by fire, the elements or other causes, then Lessee shall repair such destruction and restore the Demised Premises to its prior condition as soon as practicable.

(b) Damage to such an extent as to render 70% or more of the floor space of the Demised Premises unusable for Lessee's business shall be conclusively deemed to be "substantial destruction." Damage which renders less than 70% of such floor space unusable for Lessee's business, but which cannot (after the exercise of due diligence) be repaired within one hundred twenty (120) days, shall likewise be conclusively deemed to be "substantial destruction." Damage which renders less than 70% of such floor space unusable for Lessee's business, but which can be repaired within one hundred twenty (120) days, shall be conclusively deemed to be "partial destruction" within the meaning of this Lease.

(c) If the work of repairing any damage (either substantial destruction, if neither Party has elected to terminate pursuant to this paragraph VI, or partial destruction) shall not have commenced within one hundred twenty (120) days after the date of a substantial destruction or sixty (60) days after the date of a partial destruction, then Lessor shall have the option to terminate this Lease. Lessor shall exercise this option to terminate, if at all, by giving written notice thereof to Lessee, at Lessee's address set forth in the printed portion of this Lease, by registered or certified mail, return receipt requested, no less than thirty (30) days prior to the effective date of any such termination. Such notice of exercise shall be effective upon Lessor's mailing of such notice as aforesaid. Upon the expiration of the time fixed in such notice, if such repair work shall not have been commenced, then this Lease shall terminate (unless Lessor has revoked its notice of termination).

#### VII. TERMINATION OF LEASE BY EMINENT DOMAIN

In case the whole or a substantial part of the Demised Premises shall be taken by any governmental body for any public use through eminent domain authority, then this Lease shall terminate from the time when possession of the whole, or of the part so taken, shall be required for such public use; and the rents, properly apportioned, shall be paid up to that time; and the Lessee shall not claim or be entitled to any part of the award to be made for damages for such taking for public use; and such taking shall not be deemed a breach of the Lessor's covenants for quiet enjoyment hereinbefore described. Lessor agrees that any award in eminent domain shall be applied to the Revenue Bond Payments, but any portion of the Revenue Bond Payments not discharged from the application of the eminent domain award shall remain the responsibility of the Lessee.

#### VIII. LIENS

Lessee shall not suffer or permit any mechanics' lien, judgment lien or other lien of any nature whatsoever to attach to or be against the Property.

If any act or omission of Lessee or claim against Lessee results in a lien or claim of lien against Lessor's title, Lessee upon notice thereof shall promptly remove or release same by posting of bond or otherwise. If not so released in fifteen (15) days after notice to Lessee to do so, Lessor may, (but need not) pay or discharge the same without inquiry as to the validity thereof at Lessee's expense. Lessee may contest said lien by first furnishing Lessor with a good and sufficient surety bond issued by a reputable surety or title insurance company.

#### IX. COSTS AND FEES

Lessee or Lessor shall pay upon demand all costs, charges and expenses, including fees of attorneys, agents and others retained by Lessor or Lessee, incurred by the other successfully in enforcing any of the



obligations of the other under this Lease. Lessee or Lessor shall also pay upon demand all costs, charges, and expenses, including fees of attorneys, agents and others retained by Lessor or Lessee in any litigation in which Lessor or Lessee shall become involved without their fault because of the actions of the other on account of this Lease.

#### X. POSSESSION

The Lessee shall have the right to possession of the Demised Premises on \_\_\_\_\_, 201\_\_\_. Lessee, upon possession, shall have the right to commence construction of the improvements in accordance with the terms of this Lease.

#### XI. NOTICES

Notices may be served on either party at the respective addresses given at the beginning of this Lease, by mailing (by certified or regular mail, postage prepaid) or personal deliver or "FAX" of a notice to either party. Any notice mailed or faxed as provided herein shall be deemed to have been given or made on the date of mailing or faxing. Notice to any one of a multiple person party shall be sufficient service to all.

#### XII. MISCELLANEOUS

(a) Provisions typed on this Lease and all Riders attached to this Lease and signed by Lessor and Lessee are hereby made a part of this Lease.

(b) Lessee shall keep and observe such reasonable rules and regulations now or hereafter required by Lessor which may be necessary for proper and orderly care for the building of which the Demised Premises are a part.

(c) All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

(d) The rights and remedies hereby created are cumulative and the use of one remedy shall not be taken to exclude or waive the right to the use of another.

(e) If Lessee shall fail to pay Rent or any other charges payable by Lessee hereunder within ten (10) days after the same is due, Lessee shall be in default under the Lease.

(f) If Lessor or Lessee shall fail to fulfill any of its covenants or agreements under this Lease (other than Lessee's covenant to pay Rent or other charges payable by Lessee hereunder), Lessor or Lessee, as the case may be, shall give to the other party (the "defaulting party") written notice of such failure. The defaulting party shall then have an opportunity to cure any such failure. In the event that any such failure shall continue after the expiration of a thirty (30) day period after the defaulting' party's receipt of the aforesaid written notice, or in the case of a failure that cannot with due diligence be cured within a period of thirty (30) days, if the defaulting party fails to proceed promptly after the receipt of such notice and with all due diligence to cure, the defaulting party shall be in default hereunder.

(g) At the option and sole cost of Lessee, this Lease or a memorandum hereof may be recorded.

#### XIII. SEVERABILITY

In any clause, phrase, provision or portion of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable under applicable law, such even shall not affect, impair or render invalid or unenforceable the remainder of this Lease nor any other clause, phrase, provision or portion hereof, nor shall it affect the application of any clause, phrase, provision or portion hereof to other persons or circumstances.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

LESSOR:  
CRYSTAL LAKE CIVIC CENTER AUTHORITY, INC.

LESSEE:  
RAUE CENTER FOR THE ARTS, INC.

**EXHIBIT A**  
**Depiction of the Demised Premises**

**EXHIBIT B**  
**Revenue Bond Payment Schedule**

**EXHIBIT C**  
**Remodeling Improvements**

5.

9. Date/Time of Next Meeting

The proposed next meeting of the Crystal Lake Civic Center Authority Board will be held on Tuesday, October 4, 2016 at 5:30 p.m. The meeting will be held in City Hall at 100 W. Woodstock Street.

10. Adjourn

ARTICLE 70.  
CRYSTAL LAKE CIVIC CENTER

(70 ILCS 200/70-1)

Sec. 70-1. Short title. This Article may be cited as the Crystal Lake Civic Center Law of 1997.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-5)

Sec. 70-5. Definitions. When used in this Article:

"Authority" means the Crystal Lake Civic Center Authority.

"Board" means the governing and administrative body of the Crystal Lake Civic Center Authority.

"Metropolitan area" means all that territory in the State of Illinois lying within the corporate boundaries of the municipality of Crystal Lake in the County of McHenry.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-10)

Sec. 70-10. Authority created; principal office. There is hereby created a political subdivision, body politic and municipal corporation by the name and style of the Crystal Lake Civic Center Authority in the metropolitan area.

The principal office of the Authority shall be in the City of Crystal Lake.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-15)

Sec. 70-15. Board created. The governing and administrative body of the Authority shall be a board consisting of 9 members and shall be known as the Crystal Lake Civic Center Authority Board. The members of the Board shall be individuals of generally recognized ability and integrity.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-20)

Sec. 70-20. Board members appointed. Within 60 days after January 1, 1988 (the effective date of Article II of Public Act 85-793), the Mayor of the City of Crystal Lake, with the advice and consent of the Crystal Lake City Council, shall appoint 3 members of the Board for initial terms expiring June 1, 1988; 3 members for initial terms expiring June 1, 1989; and 3 members for initial terms expiring June 1, 1990. The successors of the initial members shall be appointed in like manner for 3 year terms from the

date of appointment, except in case of an appointment to fill a vacancy.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-25)

Sec. 70-25. Removal of Board members. The appointing officer, with the advice and consent of the Crystal Lake City Council, may remove any member of the Board appointed by him, in case of incompetency, neglect of duty or malfeasance in office, after service on him, by registered United States mail, return receipt requested, of a copy of the written charges against him and an opportunity to be publicly heard in person or by counsel in his own defense upon not less than 10 days notice.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-30)

Sec. 70-30. Bidders; civil action to compel compliance. Any bidder who has submitted a bid in compliance with the requirements for bidding under this Article may bring a civil action in the Circuit Court of McHenry County in which the metropolitan area is located to compel compliance with the provisions of this Article relating to the awarding of contracts by the Board.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/70-35)

Sec. 70-35. Standard civic center provisions incorporated by reference. The following Sections of this Code are incorporated by reference into this Article:

Section 2-3. Purpose.

Section 2-5. Definitions.

Section 2-10. Lawsuits; common seal.

Section 2-15. Duties; auditorium, recreational, and other buildings; lease of space.

Section 2-20. Rights and powers, including eminent domain.

Section 2-25. Incurring obligations.

Section 2-30. Prompt payment.

Section 2-35. Acquisition of property from person, State, or local agency.

Section 2-40. Federal money.

Section 2-45. Insurance.

Section 2-50. Borrowing; revenue bonds; suits to compel performance.

Section 2-55. Bonds; nature of indebtedness.

Section 2-60. Investment in bonds.

Section 2-75. Board members; financial matters; conflict of interest.

Section 2-80. Board members' oath.  
Section 2-85. Board members; vacancy  
in office.  
Section 2-90. Organization of the  
Board.  
Section 2-95. Meetings; action by 5  
Board members.  
Section 2-100. Secretary; treasurer.  
Section 2-105. Funds.  
Section 2-110. Signatures on checks  
or drafts.  
Section 2-115. General manager; other  
appointments.  
Section 2-122. Rules and regulations;  
penalties.  
Section 2-125. Contracts; award to  
other than highest or lowest bidder by  
vote of 5 Board members.  
Section 2-130. Bids and  
advertisements.  
Section 2-135. Report and financial  
statement.  
Section 2-140. State financial  
support.  
Section 2-145. Anti-trust laws.  
Section 2-150. Tax exemption.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-3)

Sec. 2-3. Purpose. The purpose of this Article is to accomplish the aims of the State of Illinois to enhance the ability of its citizens to avail themselves of civic and cultural centers geographically situated throughout the entire State of Illinois.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-5)

Sec. 2-5. Definitions. In this Article:

"Authority" means the Authority as defined in the Article creating the Authority, except that in the case of provisions incorporated by reference into Article 25, in the context of that incorporation by reference "Authority" means the Committee as defined in Article 25.

"Governmental agency" means the federal government, the State, any unit of local government or school district, and any agency or instrumentality thereof.

"Person" means any individual, firm, partnership, corporation, company, association or joint stock association; and includes any trustee, receiver, assignee or personal representative thereof.

"Board" means the governing and administrative body of the Authority as defined in the Article creating the Authority, except that in the case of provisions incorporated by reference into Article 25, in the context of that incorporation by reference "Board" means the Committee as defined in Article 25.

"Metropolitan area", for an Authority created under this Act, means the metropolitan area for the Authority as defined in the Article creating the Authority.  
(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-10)

Sec. 2-10. Lawsuits; common seal.

(a) The Authority may sue and be sued in its corporate name but execution shall not in any case issue against any property of the Authority.

(b) The Authority may adopt a common seal and change the same at its pleasure.

(Source: P.A. 90-328, eff. 1-1-98.)



(70 ILCS 200/2-15)

Sec. 2-15. Duties; auditorium, recreational, and other buildings; lease of space. It shall be the duty of the Authority to promote, operate and maintain expositions, conventions, and theatrical, sports and cultural activities from time to time in the metropolitan area and in connection therewith to arrange, finance and maintain industrial, cultural, educational, theatrical, sports, trade and scientific exhibits and to construct, equip and maintain auditorium, exposition, recreational and office buildings for such purposes.

The provision of office space for lease and rental and the lease of air space over and appurtenant to such structures shall be deemed an integral function of the Authority.

The Authority is granted all rights and powers necessary to perform such duties. (Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-20)

Sec. 2-20. Rights and powers, including eminent domain. The Authority shall have the following rights and powers:

(a) To acquire, purchase, own, construct, lease as lessee or in any other way acquire, improve, extend, repair, reconstruct, regulate, operate, equip and maintain exhibition centers, civic auditoriums, cultural facilities and office buildings, including sites and parking areas and commercial facilities therefor located within the metropolitan area;

(b) To plan for such grounds, centers and auditoriums and to plan, sponsor, hold, arrange and finance fairs, industrial, cultural, educational, trade and scientific exhibits, shows and events and to use or allow the use of such grounds, centers, and auditoriums for the holding of fairs, exhibits, shows and events whether conducted by the Authority or some other person or governmental agency;

(c) To exercise the right of eminent domain to acquire sites for such grounds, centers, buildings and auditoriums, and parking areas and facilities in the manner provided for the exercise of the right of eminent domain under the Eminent Domain Act;

(d) To fix and collect just, reasonable and nondiscriminatory charges and rents for the use of such parking areas and facilities, grounds, centers, buildings and auditoriums and admission charges to fairs, shows, exhibits and events sponsored or held by the Authority. The charges collected may be made available to defray the reasonable expenses of the Authority and to pay the principal of and the interest on any bonds issued by the Authority;

(e) To enter into contracts treating in any manner with the objects and purposes of this Article.

Notwithstanding any other provision of this Article, any power granted under this Article to acquire property by condemnation or eminent domain is subject to, and shall be exercised in accordance with, the Eminent Domain Act.

(Source: P.A. 94-1055, eff. 1-1-07; 95-331, eff. 8-21-07.)

(70 ILCS 200/2-25)

Sec. 2-25. Incurring obligations. The Authority shall not incur any obligations for salaries or for office or administrative expenses except within the amounts of funds that will be available to it when such obligations become payable.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-30)

Sec. 2-30. Prompt payment. Purchases made under this Article shall be made in compliance with the Local Government Prompt Payment Act.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-35)

Sec. 2-35. Acquisition of property from person, State, or local agency. The Authority shall have power (i) to acquire and accept by purchase, lease, gift or otherwise any property or rights useful for the Authority's purposes from any person or persons, from any municipal corporation, body politic, or agency of the State, or from the State itself, (ii) to apply for and accept grants, matching grants, loans or

appropriations from the State of Illinois or any agency or instrumentality thereof to be used for any of the purposes of the Authority, and (iii) to enter into any agreement with the State of Illinois in relation to such grants, matching grants, loans or appropriations.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-40)

Sec. 2-40. Federal money. The Authority shall have the power (i) to apply for and accept grants, matching grants, loans or appropriations from the federal government or any agency or instrumentality thereof to be used for any of the purposes of the Authority and (ii) to enter into any agreement with the federal government in relation to such grants, matching grants, loans or appropriations.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-45)

Sec. 2-45. Insurance. The Authority shall have the power to procure and enter into contracts for any type of insurance and indemnity against loss or damage to property from any cause, against loss of use and occupancy, against employers' liability, against any act of any member, officer, or employee of the Board or Authority in the performance of the duties of the office or employment, and against any other insurable risk.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-50)

Sec. 2-50. Borrowing; revenue bonds; suits to compel performance. The Authority shall have continuing power to borrow money for the purpose of carrying out and performing its duties and exercising its powers under this Article.

For the purpose of evidencing the obligation of the Authority to repay any money borrowed as aforesaid, the Authority may, pursuant to an ordinance adopted by the Board, from time to time issue and dispose of its interest bearing revenue bonds, and may also from time to time issue and dispose of its interest bearing revenue bonds to refund any bonds at maturity or pursuant to redemption provisions or at any time before maturity with the consent of the holders thereof. All such bonds shall be payable solely from the revenues or income to be derived from the fairs, expositions, exhibitions, rentals and leases and other authorized activities operated by it, and from funds, if any, received and to be received by the Authority from any other source. Such bonds may bear such date or dates, may mature at such time or times not exceeding 40 years from their respective dates, may bear interest at such rate or rates not exceeding the maximum rate permitted by the Bond Authorization Act, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be made subject to redemption in such manner and upon such terms, with or without premium as is stated on the face thereof, may be executed in such manner, and may contain such terms and covenants, all as may be provided in said ordinance. In case any officer whose signature appears on any bond ceases (after attaching his signature) to hold office, his signature shall nevertheless be valid and effective for all purposes. The holder or holders of any bonds or interest coupons appertaining thereto issued by the Authority may bring suits at law or proceedings in equity to compel the performance and observance by the Authority or any of its officers, agents or employees of any contract or covenant made by the Authority with the holders of such bonds or interest coupons, to compel the Authority or any of its officers, agents or employees to perform any duties required to be performed for the benefit of the holders of any such bonds or interest coupons by the provisions of the ordinance authorizing their issuance, and to enjoin the Authority and any of its officers, agents or employees from taking any action in conflict with any such contract or covenant.

Notwithstanding the form and tenor of any such bonds and in the absence of any express recital on the face thereof that it is non-negotiable, all such bonds shall be negotiable instruments under the Uniform Commercial Code.

From and after the issuance of any bonds as herein provided it shall be the duty of the corporate authorities of the Authority to fix and establish rates, charges, rents, and fees for the use of facilities acquired, constructed, reconstructed, extended or

improved with the proceeds of the sale of said bonds sufficient at all times, with other revenues of the Authority, to pay:

(a) the cost of maintaining, repairing, regulating and operating the said facilities; and

(b) the bonds and interest thereon as they shall become due, and all sinking fund requirements and other requirements provided by the ordinance authorizing the issuance of the bonds or as provided by any trust agreement executed to secure payment thereof.

To secure the payment of any or all of such bonds and for the purpose of setting forth the covenants and undertakings of the Authority in connection with the issuance thereof and the issuance of any additional bonds payable from such revenue income to be derived from the fairs, recreational, theatrical, and cultural expositions, sports activities, exhibitions, office rentals, and air space leases and rentals and from other revenue, if any, the Authority may execute and deliver a trust agreement or agreements; provided that no lien upon any physical property of the Authority shall be created thereby.

A remedy for any breach or default of the terms of any such trust agreement by the Authority may be by mandamus proceedings in any court of competent jurisdiction to compel performance and compliance therewith, but the trust agreement may prescribe by whom or on whose behalf such action may be instituted.

Before any such bonds (excepting refunding bonds) are sold, the entire authorized issue, or any part thereof, shall be offered for sale as a unit after advertising for bids at least 3 times in a daily newspaper of general circulation published in the metropolitan area, the last publication to be at least 10 days before bids are required to be filed. Copies of such advertisement may be published in any newspaper or financial publication in the United States. All bids shall be sealed, filed and opened as provided by ordinance and the bonds shall be awarded to the highest and best bidder or bidders therefor. The Authority shall have the right to reject all bids and to readvertise for bids in the manner provided for in the initial advertisement. However, if no bids are received such bonds may be sold at not less than par value, without further advertising, within 60 days after the bids are required to be filed pursuant to any advertisement.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-55)

Sec. 2-55. Bonds; nature of indebtedness. Under no circumstances shall any bonds issued by the Authority be or become an indebtedness or obligation of the State of Illinois or of any political subdivision of or municipality within the State, nor shall any such bond or obligation be or become an indebtedness of the Authority within the purview of any constitutional limitation or provision, and it shall be plainly stated on the face of each such bond that it does not constitute such an indebtedness or obligation but is payable solely from the revenues or income as provided in this Article.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-60)

Sec. 2-60. Investment in bonds. The State and all counties, cities, villages, incorporated towns and other municipal corporations, political subdivisions and public bodies, and public officers of any thereof; all banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on an insurance business; and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds issued pursuant to this Article, it being the purpose of this Section to authorize the investment in such bonds of all sinking, insurance, retirement, compensation, pension and trust funds, whether owned or controlled by private or public persons or officers; provided, however, that nothing contained in this Section may be construed as relieving any person from any duty of exercising reasonable care in selecting securities for investment.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-75)

Sec. 2-75. Board members; financial matters; conflict of interest. The members of the Board shall serve without compensation, but shall be reimbursed for actual expenses incurred by them in the performance of their duties.

No member of the Board or employee of the Authority shall have any private financial interest, profit or benefit in any contract, work or business of the Authority or in the sale or lease of any property to or from the Authority.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-80)

Sec. 2-80. Board members' oath. Within 30 days after certification of appointment, and before entering upon the duties of office, each member of the Board shall take and subscribe the constitutional oath of office and file it in the office of the Secretary of State.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-85)

Sec. 2-85. Board members; vacancy in office. Members of the Board shall hold office until their respective successors have been appointed and qualified. Any member may resign from office; the resignation takes effect when the member's successor has been appointed and has qualified.

In case of failure to qualify within the time required, abandonment of office, death, conviction of a felony or removal from office, a member's office shall become vacant. Each vacancy shall be filled for the unexpired term by appointment in like manner as in the case of expiration of the term of a member of the Board.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-90)

Sec. 2-90. Organization of the Board. As soon as practicably possible after the appointment of the initial members, the Board shall organize for the transaction of business, select a chairman and a temporary secretary from its own number, and adopt by-laws and regulations to govern its proceedings. The initial chairman and his successors shall be elected by the Board from time to time for the term of the chairman's office as a member of the Board or for the term of 3 years, whichever is shorter.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-95)

Sec. 2-95. Meetings; action by 5 Board members. Regular meetings of the Board shall be held at least once in each calendar month, the time and place of such meetings to be fixed by the Board.

Five members of the Board shall constitute a quorum for the transaction of business. All actions of the Board shall be by ordinance or resolution and the affirmative vote of at least 5 members shall be necessary for the adoption of any ordinance or resolution.

All ordinances, resolutions and proceedings of the Authority and all documents and records in its possession shall be public records, and open to public inspection, except such documents and records as shall be kept or prepared by the Board for use in negotiations, actions or proceedings to which the Authority is a party.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-100)

Sec. 2-100. Secretary; treasurer. The Board shall appoint a secretary and a treasurer, who need not be members of the Board, to hold office during the pleasure of the Board and shall fix their duties and compensation. Before entering upon the duties of their respective offices they shall take and subscribe the constitutional oath of office, and the treasurer shall execute a bond with corporate sureties to be approved by the Board. The bond shall be payable to the Authority in whatever penal sum may be directed upon the faithful performance of the duties of the office and the payment of all money received by the treasurer according to law and the orders of the Board. The Board may, at any time, require a new bond from the treasurer in a penal sum as may

then be determined by the Board. The obligation of the sureties shall not extend to any loss sustained by the insolvency, failure or closing of any national or state bank wherein the treasurer has deposited funds if the bank has been approved by the Board as a depository for those funds. The oaths of office and the treasurer's bond shall be filed in the principal office of the Authority.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-105)

Sec. 2-105. Funds. All funds deposited by the treasurer in any bank shall be placed in the name of the Authority and shall be withdrawn or paid out only by check or draft upon the bank, signed by the treasurer and countersigned by the chairman of the Board. The Board may designate any of its members or any officer or employee of the Authority to affix the signature of the chairman and another to affix the signature of the treasurer to any check or draft for payment of salaries or wages and for payment of any other obligation of not more than \$2,500.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-110)

Sec. 2-110. Signatures on checks or drafts. In case any officer whose signature appears upon any check or draft issued pursuant to this Article ceases to hold office after attaching his or her signature and before the delivery of the check or draft to the payee, that signature nevertheless shall be valid and sufficient for all purposes with the same effect as if the officer had remained in office until delivery.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-115)

Sec. 2-115. General manager; other appointments. The Board may appoint a general manager who shall be a person of recognized ability and business experience, to hold office during the pleasure of the Board. The general manager shall have management of the properties and business of the Authority and of the employees thereof subject to the general control of the Board, shall direct the enforcement of all ordinances, resolutions, rules and regulations of the Board, and shall perform such other duties as may be prescribed from time to time by the Board.

The Board may appoint a general attorney and a chief engineer and shall provide for the appointment of such other officers, attorneys, engineers, planners, consultants, agents and employees as may be necessary. The Board shall define their duties and require bonds of such of them as the Board may designate.

The general manager, general attorney, chief engineer, and all other officers provided for pursuant to this Section shall be exempt from taking and subscribing any oath of office and shall not be members of the Board.

The compensation of the general manager, general attorney, chief engineer, and all other officers, attorneys, planners, consultants, agents and employees shall be fixed by the Board.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-122)

Sec. 2-122. Rules and regulations; penalties. The Board shall have power to make all rules and regulations proper or necessary to carry into effect the powers granted to the Authority, with such penalties as may be deemed proper.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-125)

Sec. 2-125. Contracts; award to other than highest or lowest bidder by vote of 5 Board members. All contracts for the sale of property of the value of more than \$10,000 or for a concession in or lease of property, including air rights, of the Authority for a term of more than one year shall be awarded to the highest responsible bidder, after advertising for bids. All construction contracts and contracts for supplies, materials, equipment and services, when the expense thereof will exceed \$10,000, shall be let to the lowest responsible bidder after advertising for bids, excepting (1) when repair parts, accessories, equipment or services are required for equipment or services previously furnished or contracted for; (2) when the nature of the services required is

such that competitive bidding is not in the best interest of the public, including, without limiting the generality of the foregoing, the services of accountants, architects, attorneys, engineers, physicians, superintendents of construction, and others possessing a high degree of skill; and (3) when services such as water, light, heat, power, telephone or telegraph are required.

All contracts involving less than \$10,000 shall be let by competitive bidding to the lowest responsible bidder whenever possible, and in any event in a manner calculated to ensure the best interests of the public. Competitive bidding is not required for the lease of real estate or buildings owned or controlled by the Authority. The Board is empowered to offer such leases upon such terms as it deems advisable.

In determining the responsibility of any bidder, the Board may take into account the past record of dealings with the bidder, the bidder's experience, adequacy of equipment, and ability to complete performance within the time set, and other factors besides financial responsibility, but in no case shall any such contracts be awarded to any other than the highest bidder (in case of sale, concession or lease) or the lowest bidder (in case of purchase or expenditure) unless authorized or approved by a vote of at least 5 members of the Board, and unless such action is accompanied by a statement in writing setting forth the reasons for not awarding the contract to the highest or lowest bidder, as the case may be, which statement shall be kept on file in the principal office of the Authority and open to public inspection.

Members of the Board, officers and employees of the Authority, and their relatives within the fourth degree of consanguinity by the terms of the civil law are forbidden to be interested directly or indirectly in any contract for construction or maintenance work or for the delivery of materials, supplies or equipment.

The Board shall have the right to reject all bids and to readvertise for bids. If after any such advertisement no responsible and satisfactory bid, within the terms of the advertisement, shall be received, the Board may award such contract without competitive bidding, provided that it shall not be less advantageous to the Authority than any valid bid received pursuant to advertisement.

The Board shall adopt rules and regulations to carry into effect the provisions of this Section.

(Source: P.A. 93-491, eff. 1-1-04.)

(70 ILCS 200/2-130)

Sec. 2-130. Bids and advertisements. Advertisements for bids shall be published at least twice in a daily newspaper of general circulation published in the metropolitan area, the last publication to be at least 10 calendar days before the time for receiving bids, and such advertisements shall also be posted on readily accessible bulletin boards in the principal office of the Authority. Such advertisements shall state the time and place for receiving and opening bids and, by reference to plans and specifications on file at the time of the first publication, or in the advertisement itself, shall describe the character of the proposed contract in sufficient detail to fully advise prospective bidders of their obligations and to ensure free and open competitive bidding.

All bids in response to advertisements shall be sealed and shall be publicly opened by the Board, and all bidders shall be entitled to be present in person or by representatives. Cash or a certified or satisfactory cashier's check, as a deposit of good faith, in a reasonable amount to be fixed by the Board before advertising for bids, shall be required with the proposal of each bidder. Bond for faithful performance of the contract with surety or sureties satisfactory to the Board and adequate insurance may be required in reasonable amounts to be fixed by the Board before advertising for bids.

The contract shall be awarded as promptly as possible after the opening of bids. The bid of the successful bidder, as well as the bids of the unsuccessful bidders, shall be placed on file and be open to public inspection. All bids shall be void if any disclosure of the terms of any bid in response to an advertisement is made or permitted to be made by the Board before the time fixed for opening bids.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-135)

Sec. 2-135. Report and financial statement. As soon after the end of each fiscal year as may be expedient, the Board shall cause to be prepared and printed a complete and detailed report and financial statement of its operations and of its assets and liabilities. A reasonably sufficient number of copies of such report shall be printed for distribution to persons interested upon request and a copy thereof shall be filed with the county clerk and the appointing officers.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-140)

Sec. 2-140. State financial support. The Authority created by this Article shall receive financial support from the State in the amounts provided for in Section 4 of the Metropolitan Civic Center Support Act.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-145)

Sec. 2-145. Antitrust laws. The Authority is expressly made the beneficiary of the provisions of Section 1 of the Local Government Antitrust Exemption Act, and the General Assembly intends that the "State action exemption" to the application of the federal antitrust laws be fully available to the Authority to the extent its activities are either (1) expressly or by necessary implication authorized by this Article or other Illinois law or (2) within traditional areas of local governmental activity.

(Source: P.A. 90-328, eff. 1-1-98.)

(70 ILCS 200/2-150)

Sec. 2-150. Tax exemption. All property of the Authority shall be exempt from taxation by the State or any taxing unit therein.

(Source: P.A. 90-328, eff. 1-1-98.)