

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A REDEVELOPMENT AGREEMENT WITH CORRIDOR PROPERTIES, INC.

WHEREAS, it is desirable and in the best interests of the City of Urbana, Illinois to enter into an agreement with Corridor Properties, Inc., an Illinois corporation regarding a redevelopment project involving the construction of a hotel facility, a medical/office building and a restaurant facility in the area bounded by Park Avenue to the north, Romine Street to the west, University Avenue to the south and Goodwin Avenue to the east; and

WHEREAS, a written copy of such an agreement entitled "REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS AND CORRIDOR PROPERTIES, INC., AN ILLINOIS CORPORATION" dated September 1, 1993, has been presented to and is now before this meeting.

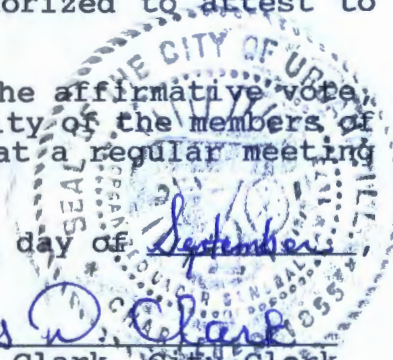
NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Council hereby approves the City entering into an agreement with Corridor Properties, Inc. regarding construction of a hotel facility, a medical/office building and a restaurant facility in the area bounded by Park Avenue to the north, Romine Street to the west, University Avenue to the south and Goodwin Avenue to the east.

Section 2. That the Mayor is hereby authorized to execute and deliver such an agreement on behalf of the City. The agreement shall be in substantially the form of the Agreement which is before this Council, a copy of which is attached hereto and incorporated herein. The City Clerk is authorized to attest to such execution thereof.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

PASSED by the City Council this 27th day of September, 1993.

A circular seal of the City of Urbana, Illinois, featuring a central emblem and the text "SEAL OF THE CITY OF URBANA, ILLINOIS" around the perimeter.
Phyllis D. Clark
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 4th day of October, 1993.

Tod Satterthwaite
Tod Satterthwaite, Mayor

THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN ORDINANCE
NO. 9394-31 AND IS INCORPORATED THEREIN BY REFERENCE.

Phyllis D. Clark
Phyllis D. Clark, City Clerk

September 27, 1993
Date



REDEVELOPMENT AGREEMENT

by and between the

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

and

**CORRIDOR PROPERTIES, INC.,
AN ILLINOIS CORPORATION**

Dated as of September 1, 1993

Document Prepared By:

**Kenneth N. Beth
Evans, Froehlich & Beth
44 Main Street
P.O. Box 737
Champaign, IL 61820**

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EXHIBIT B Legal Description of Development Area
EXHIBIT C Legal Description of Acquisition Site
EXHIBIT D Vacation Plat of Streets and Alleys

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (including attachments and exhibits, the "Agreement") dated as of the 1st day of September, 1993, by and between the City of Urbana, an Illinois home-rule municipality, in Champaign County, Illinois (the "City"), and Corridor Properties, Inc., an Illinois corporation (the "Developer").

RECITALS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (Section 5/11-74.4-1 et seq. of Chapter 65 of the Illinois Compiled Statutes, as supplemented and amended, including by the power and authority of the City as a home rule unit under Section 6 of Article VII of the Constitution of Illinois, collectively, the "Act"), the City has designated the North Campus and King Park Neighborhood Redevelopment Project Area (as more particularly described in Exhibit A hereto, the "Redevelopment Project Area") and approved a related redevelopment plan (entitled "North Campus and King Park Neighborhood Redevelopment Plan") and project, as such related development plan (entitled "North Campus and King Park Neighborhood Redevelopment Plan, First Amended and Restated") has subsequently been supplemented and amended, (the "Redevelopment Plan" and "Redevelopment Project"); and

WHEREAS, in connection with the Redevelopment Project, Redevelopment Plan and Redevelopment Project Area, the City Council of the City (the "Corporate Authorities"): (i) on December 18, 1989, adopted Ordinance No. 8990-59, "An Ordinance

Approving a Redevelopment Plan and Redevelopment Project; Designating a Redevelopment Project Area; and Adopting Tax Increment Allocation Finance", which has been duly filed with the County Clerk of Champaign, County, Illinois, who has certified the property tax increment base to the City, and (ii) on December 3, 1990, adopted Ordinance No. 9091-65, "An Ordinance Adopting and Approving a Redevelopment Plan and Redevelopment Project, First Amended and Restated, for Redevelopment Project Area Number Three" (collectively, the "TIF Ordinances"); and

WHEREAS, as contemplated by the Redevelopment Plan and the Redevelopment Project, the Developer proposes to acquire, construct, extend, improve, rehabilitate and install (or cause to be done) a hotel facility, a medical/office building and/or a restaurant facility, (including the related real estate and appurtenant facilities), as accomplished in one or more phases, in the City, (the "Private Development"); and

WHEREAS, acting through its planning staff, the City's Department of Community Development Services (the "Planners"), has reviewed and studied the conditions in the Redevelopment Project Area with a view toward analyzing those area conditions that exist or reasonably could be expected to exist that are deleterious to the development, operation and maintenance of the Redevelopment Project Area and which constitute such Redevelopment Project Area as a "conservation area" under the Act; and

WHEREAS, the Developer is unwilling to undertake the Private Development without certain tax increment finance ("TIF")

incentives from the City, which the City is willing to provide, and the City has determined that it is desirable and in the City's best interests to assist the Developer in the manner set forth herein and as this Agreement may be supplemented and amended.

REDEVELOPMENT AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer hereby agree as follows:

[The remainder of this page is intentionally left blank.]

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, unless the context clearly requires otherwise, words and terms used in this Agreement shall have the meaning provided from place to place herein, including as follows:

"Corporate Authorities" means the City Council of the City of Urbana, Illinois.

"Development Area" means, collectively, the real estate consisting of all of "Block 1" and all of "Block 2" as described in Exhibit B hereto, upon or within which the Private Development is to be located.

"Eligible Costs" means those interest costs paid and incurred by the Developer as are authorized to be reimbursed or paid from the Fund as provided in Section 3.1 of this Agreement.

"Fund" means the "Special Tax Allocation Fund for Redevelopment Project Area Number Three" established under Section 5/11-74.8 of the Act and the TIF Ordinances.

"Incremental Property Taxes" means incremental real property taxes derived from the Redevelopment Project Area under Section 5/11-74.4-8 of the Act.

"Independent" or "independent", when used with respect to any specified person, means such person who is in fact independent and is not connected with the City or the Developer as an officer, employee, partner, or person performing a similar function, and whenever it is provided in this Agreement that the opinion or report of any independent person shall be furnished, such person shall be appointed or approved by the City, and such

opinion or report shall state that the signer had read this definition and that the signer is independent within the meaning hereof.

"Parties" means, collectively, the City and the Developer.

"Private Development" means the hotel facility, the medical/office building and/or the restaurant facility (including the related real estate and appurtenant facilities) to be acquired, constructed, extended, improved and installed (or caused to be done) in one or more phases by the Developer.

"Requisition" shall have the meaning given that term in Section 5.1 of this Agreement.

Section 1.2 Construction. This Agreement, except where the context by clear implication shall otherwise require, shall be construed and applied as follows:

- (a) definitions include both singular and plural.
- (b) pronouns include both singular and plural and cover all genders; and
- (c) headings of sections herein are solely for convenience of reference and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.
- (d) all exhibits attached to this Agreement shall be and are operative provisions of this Agreement and shall be and are incorporated by reference in the context of use where mentioned and referenced in this Agreement.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the City. In order to induce the Developer to enter into this Agreement, the City hereby makes certain representations and warranties to the Developer, as follows:

Section 2.1.1 Organization and Standing. The City is a home rule municipality duly organized, validly existing and in good standing under the Constitution and laws of the State of Illinois.

Section 2.1.2 Power and Authority. The City has full power and authority to execute and deliver this Agreement and to perform all of its agreements, obligations and undertakings hereunder.

Section 2.1.3 Authorization and Enforceability. The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary action on the part of the City's Corporate Authorities. This Agreement is a legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that any and all financial obligations of the City under this Agreement shall be limited to the availability of such Incremental Property Taxes therefor as may be specified in this Agreement and that such enforceability may be further limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the

enforceability of debtors' or creditors' rights, and by equitable principles.

Section 2.1.4 No Violation. Neither the execution nor the delivery of this Agreement or the performance of the City's agreements, obligations and undertakings hereunder will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of any agreement, rule, regulation, statute, ordinance, judgment, decree, or other law by which the City may be bound.

Section 2.1.5 Governmental Consents and Approvals. No consent or approval by any governmental authority is required in connection with the execution and delivery by the City of this Agreement or the performance by the City of its obligations hereunder.

Section 2.2 Representations and Warranties of the Developer. In order to induce the City to enter into this Agreement, the Developer makes the following representations and warranties to the City:

Section 2.2.1 Organization. The Developer is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and is duly qualified to transact business in, and is in good standing under, the laws of each of the other states where the Developer is required to be qualified to do business.

Section 2.2.2 Power and Authority. The Developer has full power and authority to execute and deliver this Agreement

and to perform all of its agreements, obligations and undertakings.

Section 2.2.3 Authorization and Enforceability. The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Developer's board of directors. This Agreement is a legal, valid and binding agreement, obligation and undertaking of the Developer, enforceable against the Developer in accordance with its terms, except to the extent that such enforceability may be limited by law, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforceability of debtors' or creditors' rights, and by equitable principles.

Section 2.2.4 No Violation. Neither the execution nor the delivery or performance of this Agreement will conflict with, violate or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under, or (with or without the giving of notice or the passage of time or both) entitle any party to terminate or declare a default under any contract, agreement, lease, license or instrument or any rule, regulation, statute, ordinance, judicial decision, judgment, decree or other law to which the Developer is a party or by which the Developer or any of its assets may be bound.

Section 2.2.5 Consents. No consent or approval by any governmental authority or other person is required in connection

with the execution and delivery by the Developer of this Agreement or the performance thereof by the Developer.

Section 2.2.6 No Proceedings or Judgments. There is no claim, action or proceeding now pending or to the best of its knowledge, threatened before any court, administrative or regulatory body, or governmental agency (a) to which the Developer is a party and (b) which will, or could, prevent the Developer's performance of its obligations under this Agreement.

Section 2.2.7 Related Agreements. Within 30 days of the execution thereof, or within 20 days from the date of the execution and delivery thereof, as the case may be, true, complete and correct copies of all option, land acquisition, development, redevelopment, construction, financing, franchise, lease and loan agreements in connection with the Private Development (collectively, the "Related Agreements") shall be provided to the City. All such Related Agreements now executed and delivered are in full force and effect and have not been cancelled or terminated. The Developer is not aware of any of its obligations under any of such existing Related Agreements required to be performed on or before the date hereof which have not been performed by the Developer or the other parties thereto.

Section 2.3 Disclaimer of Warranties. The City and the Developer acknowledge that neither has made any warranties to the other, except as set forth in this Agreement. The City hereby disclaims any and all warranties with respect to the Private Development, express or implied, including, without limitation, any implied warranty of fitness for a particular

purpose or merchantability or sufficiency of the Incremental Property Taxes for the purposes of this Agreement. Nothing has come to the attention of the Developer to question the assumptions or conclusions or other terms and provisions of any projections of Incremental Property Taxes, and the Developer assumes all risks in connection with the practical realization of any such projections of Incremental Property Taxes.

[End of Article II]

ARTICLE III

CITY'S COVENANTS AND AGREEMENTS

Section 3.1 City's Financial Obligations. The City shall have the obligations set forth in this Section 3.1 relative to financing Eligible Costs in the Development Area. Upon the submission to the City by the Developer of Requisitions for Eligible Costs incurred and paid, the City, subject to the terms, conditions and limitation set forth in this Section 3.1 immediately below, agrees to reimburse the Developer from the Fund such interest costs paid and incurred by the Developer (including any affiliated hotel developer) as are directly related to the Private Development in the Development Area as follows:

(a) such reimbursement in any one calendar year shall not exceed: (i) thirty percent (30%) of the annual interest costs paid and incurred by the Developer (including any affiliated hotel developer) related to the Private Development in the Development Area in any one calendar year; or (ii) eighty percent (80%) of the Incremental Property Taxes actually received by the City for such calendar year which are directly attributable to the Private Development in the Development Area; whichever amount in (i) or (ii) above is less, reduced by (iii) the applicable portion of such lesser amount, determined as set forth in (i) and (ii) above, which is directly attributable to either the hotel facility or the restaurant facility, as prorated, on a day for day basis, for any period in any such calendar year that either the hotel facility or the restaurant

facility (including any related real estate and appurtenant facilities), respectively, of such Private Development in the Development Area is not continuously operated or otherwise open for a business on a regular basis as a hotel facility or a restaurant facility, as applicable, unless the Corporate Authorities of the City subsequently otherwise agree in writing (the "Reimbursement Amount"); provided, however, that the reduction as provided in (iii) above shall not be applicable to any period prior to December 1, 1994, or to any temporary or interim periods of fourteen (14) or less continuous days.

(b) the total of all such annual payments of the Reimbursement Amount pursuant to this Section 3.1 shall not exceed the total of: (i) costs paid or incurred by the Developer (including any affiliated hotel developer) for the Private Development; plus, (ii) all qualifying redevelopment project costs as specified in Section 5/11-74.3(q) of the Act which are directly attributable to the Private Development in the Development Area.

The obligations of the City to reimburse the Developer for the Reimbursement Amount under this Section 3.1 shall terminate: (i) for that portion of the Reimbursement Amount attributable to the Private Development in Block 1 of the Development Area, upon reimbursement by the City in connection with the Requisition therefor submitted by the Developer in accordance with Section 5.1 hereof on or after September 1, 2012, and (ii) for that portion of the Reimbursement Amount attributable to the Private Development in Block 2 of the Development Area in accordance with

Section 5.1 hereof, upon reimbursement by the City in connection with the Requisition therefor submitted therefor by the Developer on or after September 1, 2011. Any Incremental Property Taxes attributable to the restaurant facility shall be allocated 100% to Block 1.

Section 3.2 City's Other Obligations. The Corporate Authorities of the City hereby further covenant and agree with the Developer as follows:

(a) To proceed with due diligence to acquire by purchase, exchange or, if required, by eminent domain, the site located in Block 2 of the Development Area commonly known as 1304 W. University Avenue, Urbana, Illinois, as more particularly described in Exhibit C hereto (the "Acquisition Site"), and to convey such Acquisition Site to the Developer (and/or any affiliated hotel developer as the Developer may authorize and direct) in accordance with and pursuant to this Section 3.2(a) of this Agreement; provided, however, that the City shall be relieved of any and all obligations to acquire the Acquisition Site and convey such Acquisition Site to the Developer hereunder in the event that a court of competent jurisdiction determines that the City may not exercise such powers of eminent domain in connection with the Acquisition Site. Upon and as consideration for such conveyance by the City to the Developer, the Developer shall pay to the City the total amount of Six Hundred Thousand Dollars (\$600,000.00) (or such lesser amount as may be equal to the actual total acquisition price to the City, including all related costs, expenses and attorney fees of the City, if such

total amount is less) without any adjustment by prorations or credits for real estate or any other taxes or assessments or for the cost of any title insurance required by the Developer in connection with such conveyance by the City to the Developer.

(b) To vacate by ordinance in one or more phases and without compensation to the City those parts of the streets and alleys as shown on the vacation plat attached hereto as Exhibit D, including that part of Mathews Avenue between University Avenue to the south and Park Street to the north, that southerly portion of part of Park Street between Romine Street and Goodwin Avenue and that part of the alleys in the Development Area, provided, however, that any such ordinance shall either not be adopted or not become effective, as the case may be, unless and until the Developer (or any affiliated hotel developer) shall: (i) be then an owner of record of any and all land abutting on either side of such streets or such alleys, or otherwise have a sufficient ownership interest therein so that title in and to all such parts of such streets or such alleys to be vacated pursuant hereto shall vest in the Developer (or any affiliated hotel developer) at the time of such vacation; and (ii) have fulfilled all conditions precedent as set forth in Section 3.3 (a) of this Agreement with respect to any portion of any street or alley to be vacated in connection with the construction of the hotel facility in Block 2 of the Development Area and shall have fulfilled all conditions precedent as set forth in Section 3.3 (a) and (b) with respect to any other portion of any street or alley to be vacated in accordance with

this Section 3.2 (b). It is further expressly understood and agreed by and between the Parties: (i) that the Developer shall, at its sole cost and expense, cause a sidewalk to be constructed in accordance with such sidewalk standards as are established by the City at such location within the remaining southerly portion of Park Street not subject to being vacated as provided for above as the Director of Public Works of the City shall subsequently approve in writing, and (ii) that any ordinance vacating any part of such streets or such alleys by the Corporate Authorities shall contain provisions that the vesting of title in such part of such streets or such alleys so vacated shall be subject to all existing easements for all public utilities (including any of the City with respect to sewer lines and electrical conduit for street lighting, if any), their successors and assigns, to operate, maintain, renew, and reconstruct their facilities within the portion of right-of-way so vacated unless the Developer or other abutting property owner or owners shall compensate such utilities (or the City) for such reasonable expense as shall be incurred by such utilities (or the City) in connection with the rearrangement, removal or relocation of such facilities, and that any such ordinance shall also reserve to the City rights which shall survive the passage of such ordinance to enter upon any part of such streets or such alleys for the purpose of removing parking meter heads, street lights, brick pavers, and any other equipment or materials of the City that the City may choose to remove. Such construction of the sidewalk within the remaining southerly portion of Park Street shall be completed no later than

the date that the construction of any applicable phase of the Private Development is completed and any such rights of the City to enter upon any part of such streets or such alleys to remove any such equipment and material shall terminate on the thirtieth (30th) day following either the effective date of any such ordinance or the receipt of written notification from the Developer that it has commenced construction of any applicable phase of the Private Development, whichever is later.

Section 3.3 Conditions Precedent. The City's agreements, obligations and undertakings set out in this Agreement are expressly contingent upon:

(a) the Developer, on or before October 1, 1993 (time being of the essence), having entered into a redevelopment agreement with an affiliated hotel developer for the construction of an eighty-room Hampton Inn (or other nationally recognized hotel of equal or better quality as approved by the Corporate Authorities) and, on or before December 31, 1993, such affiliated hotel developer having entered into a contract for such construction, having obtained a financing commitment for such development and having commenced construction, in a timely manner as to satisfactorily assure such hotel development to be substantially completed on or before December 1, 1994; and,

(b) the Developer having entered into a contract for the construction of a medical/office building which contains a minimum of 30,000 square feet and which is valued at not less than \$2,500,000.00 (determined by the cost of construction), having obtained a financing commitment for such medical/office

building and having commenced construction in a timely manner as to satisfactorily assure that the construction of such medical/office building is substantially completed on or before September 1, 1996;

then, in any such event, the City shall have no further obligations under this Agreement and this Agreement shall thereupon terminate and be of no force or effect.

Section 3.4 Defense of Redevelopment Project Area. In the event that any court or governmental agency having jurisdiction over enforcement of the Act and the subject matter contemplated by this Agreement shall determine that this Agreement, including any payments of any Reimbursement Amount to be made by the City are contrary to law, or in the event that the legitimacy of the Redevelopment Project Area is otherwise challenged before a court or governmental agency having jurisdiction thereof, the City will defend the integrity of the Redevelopment Project Area and this Agreement. Anything herein to the contrary notwithstanding, the Developer agrees that the City may, to the extent permitted by law, use any Incremental Property Taxes, including any unpaid Reimbursement Amount, if available, to be redirected to reimburse the City for its defense costs, including without limitation attorneys' fees and expenses.

[End of Article III]

ARTICLE IV

DEVELOPER'S COVENANTS

Section 4.1 Agreement to Construct the Private Development. The Developer covenants and agrees to install and construct, or cause to be installed and constructed, including by the affiliated hotel developer in Section 3.3 hereof, the Private Development at the times, in the manner and with the effect set forth in this Agreement, substantially in accordance with such site plans as may subsequently be approved by the City in writing.

Section 4.2 Maintenance of Project. The Developer (including any affiliated hotel developer) shall at all times acquire, install, construct, operate and maintain the Private Development in conformance with this Agreement and all applicable laws, rules and regulations. Any agreement of the Developer related to the acquisition, installation, construction, development, operation and maintenance of the Private Development with any other party or parties to any such agreements (including any affiliated hotel developer) shall, to the extent applicable, contain provisions substantially similar to those required of the Developer under this Agreement.

Section 4.3 Approvals. The Developer shall use its best efforts to obtain approval from the Illinois Department of Transportation ("IDOT") for motor vehicle exits from the Private Development Area. The City and Developer agree to cooperate with each other to make any changes in the plat of subdivision, including any right of ways required in order to obtain IDOT

approval. The Developer shall comply with all subdivision, zoning, environmental or other land use requirements of the City and other jurisdictions with regulating authority. The City agrees to provide zoning sufficient for the Private Development uses and to reserve an applicable liquor license for any restaurant facility in the Private Development.

Section 4.4 City's Right to Audit Developer's Books and Records. The Developer agrees that the City or its agents shall have the right and authority to review and audit, from time to time (at the Developer's principal office during normal business hours) the Developer's books and records relating to the total amount of all costs paid or incurred by the Developer (including any affiliated hotel developer) for the Private Development and the total amount of related Eligible Costs, including, if any, loan agreements, notes or other obligations in connection with any indebtedness of the Developer (including any affiliated hotel developer) directly related to such costs paid or incurred by the Developer (including any affiliated hotel developer) for the Private Development in order to confirm that the interest costs claimed to have been paid and incurred by the Developer (including any affiliated hotel developer) were directly related to the costs of the Private Development financed by the Developer (including any affiliated hotel developer) and in fact paid and incurred by the Developer (including any affiliated hotel developer).

Section 4.5 Indemnity. The Developer agrees to indemnify and defend the City from and against any claims, suits,

or actions for death or injury to persons or damage to property or breach of contract brought against the City arising from any alleged claims, acts or omissions in connection with this Agreement, including the construction of the Private Development, whether or not suit is filed.

Section 4.6 Compliance With All Laws. The Developer agrees that in the construction of the Private Development, the Developer will comply with all applicable laws with respect to the work to be undertaken under this Agreement.

[End of Article IV]

ARTICLE V

PAYMENT FOR ELIGIBLE PROJECT COSTS

Section 5.1 Payment Procedures. The City and the Developer agree that the Eligible Costs constituting the Reimbursement Amount shall be paid solely, and to the extent available, from Incremental Property Taxes attributable to the Private Development within the Development Area deposited in the Fund and not otherwise. The City and the Developer intend and agree that any Reimbursement Amount be disbursed by the Comptroller of the City for payment to the Developer according to the procedures set forth in this Section 5.1 of this Agreement.

The City hereby designates the City's Chief Administrative Officer, or the designee thereof, (the "CAO") as its representative to coordinate the authorization of disbursement of any annual Reimbursement Amount for the Eligible Costs. Payments to the Developer of any annual Reimbursement Amount for Eligible Costs shall be made upon request therefor, in form reasonably acceptable to the City (each being a "Requisition") submitted by the Developer on or after September 1 of each year, beginning September 1, 1994. Each such Requisition shall be accompanied by such documentation by the lending institution to whom any such interest costs are paid or by an Independent accountant acceptable to the CAO which shows and verifies both the total costs paid and incurred by the Developer (including any affiliated hotel developer) for the Private Development as well as the total interest cost paid and incurred by the Developer (including any affiliated hotel developer) in

connection with any financing of such costs of the Private Development in the Development Area for the immediately preceding calendar year.

Section 5.2 Approval and Resubmission of Requisitions.

The CAO shall give the Developer written notice disapproving any of the Requisitions within ten (10) days after receipt thereof. No such approval shall be denied except on the basis that either of the following have not been sufficiently documented or specified herein: (i) the amount of the total interest costs paid and incurred by the Developer (including any affiliated hotel developer) during the preceding calendar year, or (ii) such total interest costs being directly related to the financing of costs paid or incurred by the Developer (including any affiliated hotel developer) for Private Development in the Development Area. If a Requisition is disapproved by such CAO, the reasons for disallowance will be set forth in writing and the Developer may resubmit such Requisitions with such additional documentation or verification as may be required. The same procedures set forth herein applicable to disapproval shall apply to such resubmittals.

Section 5.3 Time of Payment. The City shall pay the Reimbursement Amount to the Developer within thirty (30) days of the approval of the Requisition as set forth in Section 5.2 above.

[End of Article V]

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.1 Defaults - Rights to Cure. Failure or delay by either Party to timely perform any term or provision of this Agreement shall constitute a default under this Agreement. The Party who so fails or delays must, upon receipt of written notice of the existence of such default, immediately commence to cure, correct or remedy such default and thereafter proceed with diligence to cure such default. The Party claiming such default shall give written notice of the alleged default to the Party alleged to be in default specifying the default complained of. Except as required to protect against immediate, irreparable harm, the Party asserting a default may not institute proceedings against the other Party until thirty (30) days after having given such notice. If such default is cured within such thirty (30) day period, the default shall not be deemed to constitute a breach of this Agreement. If the default is one which cannot reasonably be cured within such thirty (30) day period, such thirty (30) day period shall be extended for such time as is reasonably necessary for the curing of such default, so long as there is diligent proceeding to cure such default. If such default is cured within such extended period, the default shall not be deemed to constitute a breach of this Agreement. However, a default not cured as provided above shall constitute a breach of this Agreement. Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any default or alleged

default or breach shall not operate as a waiver of any such default or breach of any rights or remedies it may have as a result of such default or breach.

Section 6.2 Remedies. The sole remedy of either Party in the event of a default by the other Party under any of the terms and provisions of this Agreement shall be to institute legal action against the other Party for specific performance or other appropriate equitable relief. Under no circumstances shall the City be subject to any monetary liability or be liable for damages (compensatory or punitive) under any of the provisions, terms and conditions of this Agreement.

[End of Article VI]

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 Entire Contract and Amendments. This Agreement (together with the Exhibits A to D, inclusive, attached hereto) is the entire contract between the City and the Developer relating to the subject matter hereof, supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the City and the Developer, and may not be modified or amended except by a written instrument executed by both of the Parties.

Section 7.2 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any other persons other than the City and the Developer and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to either the City or the Developer, nor shall any provision give any third parties any rights of subrogation or action over or against either the City or the Developer. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

Section 7.3 Counterparts. Any number of counterparts of this Agreement may be executed and delivered and each shall be considered an original and together they shall constitute one agreement.

Section 7.4 Special and Limited Obligation. This Agreement shall constitute special and limited obligation of the

City according to the terms hereof. This Agreement shall never constitute a general obligation of the City to which its credit, resources or general taxing power are pledged. The City pledges to the payment of its obligations hereunder only eighty percent (80%) of the Incremental Property Taxes attributable to the Private Development in the Development Area, if, as and when received, and not otherwise.

Section 7.5 Time and Force Majeure. Time is of the essence of this Agreement; provided, however, neither the Developer nor the City shall be deemed in default with respect to any performance obligations under this Agreement on their respective parts to be performed if any such failure to timely perform is due in whole or in part to the following (which also constitute "unavoidable delays"): any strike, lock-out or other labor disturbance (whether legal or illegal, with respect to which the Developer, the City and others shall have no obligations hereunder to settle other than in their sole discretion and business judgment), civil disorder, inability to procure materials, weather conditions, wet soil conditions, failure or interruption of power, restrictive governmental laws and regulations, condemnation, riots, insurrections, war, fuel shortages, accidents, casualties, Acts of God or third parties, or any other cause beyond the reasonable control of the Developer or the City, or for any other reasons not within the Developer's or the City's control.

Section 7.6 Waiver. Any Party to this Agreement may elect to waive any right or remedy it may enjoy hereunder,

provided that no such waiver shall be deemed to exist unless such waiver is in writing. No such waiver shall obligate the waiver of any other right or remedy hereunder, or shall be deemed to constitute a waiver of other rights and remedies provided pursuant to this Agreement.

Section 7.7 Cooperation and Further Assurances. The City and the Developer each covenants and agrees that each will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such agreements, instruments and documents supplemental hereto and such further acts, instruments, pledges and transfers as may be reasonably required for the better assuring, mortgaging, conveying, transferring, pledging, assigning and confirming unto the City or the Developer or other appropriate persons all and singular the rights, property and revenues covenanted, agreed, conveyed, assigned, transferred and pledged under or in respect of this Agreement.

Section 7.8 Severability. If any section, subsection, term or provision of this Agreement or the application thereof to any party or circumstance shall, to any extent, be invalid or unenforceable, the remainder of such section, subsection, term or provision of this Agreement or the application of same to Parties or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

Section 7.9 Notices. All notices, demands, request, consents, approvals or other communications or instruments required or otherwise given under this Agreement shall be in writing and shall be executed by the party or an officer, agent

or attorney of the party, and shall be deemed to have been effective as of the date of actual delivery, if delivered personally or by telecommunication actually received, or as of the third (3rd) day from and including the date of posting, if mailed by registered or certified mail, return receipt requested, with postage prepaid, addressed as follows (unless another address is provided in writing):

To the Developer:

Corridor Properties, Inc.
175 S. Wall Street
Kankakee, IL 60901
Attention: _____
Tel: (815) 937-2034
Fax: (815) 937-3020

with a copy to:

Dennis A. Norden
Blanke, Norden, Barmann,
Kramer & Bohlen, P.C.
189 East Court St., #500
Kankakee, IL 60901
Tel: (815) 939-1133
Fax: (815) 939-0994

To the City:

City of Urbana, Illinois
400 South Vine Street
Urbana, IL 61801
Attention: Chief Administrative Officer
Tel: (217) 384-2454
Fax: (217) 384-2363

with a copy to:

Legal Department
400 South Vine Street
Urbana, IL 61801
Tel: (217) 384-2464
Fax: (217) 384-2363

Section 7.10 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the Parties

hereto and their respectively authorized successors and assigns; provided, however, that Developer may not assign its rights under this Agreement prior to completion of the Private Development without the express written approval of the City, except that Developer may assign rights under this Agreement for collateral purposes, but only with the City's written consent which shall not be unreasonably withheld.

Section 7.11 No Joint Venture, Agency, or Partnership Created. Nothing in this Agreement nor any actions of the Parties to this Agreement shall be construed by the Parties or any third person to create the relationship of a partnership, agency, or joint venture between or among such Parties.

Section 7.12 Verification of Tax Increment. The City and Developer shall fully cooperate in connection with obtaining certified copies of all real estate tax bills for the taxable property constituting the Private Development.

Section 7.13 Illinois Law. This Agreement shall be construed and interpreted under the laws of the State of Illinois.

Section 7.14 Costs and Expenses. If either Party defaults in the performance of its obligations hereunder, the Parties agree that the defaulting Party shall pay the non-defaulting Party's costs of enforcing the defaulting Party's obligations under this Agreement, including but not limited to attorneys' fees and expenses.

Section 7.15 No Personal Liability of Officials of City. No covenant or agreement contained in this Agreement shall

be deemed to be the covenant or agreement of any official, officer, agent, employee or attorney of the City, in his or her individual capacity, and neither the members of the Corporate Authorities nor any official of the City shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the execution, delivery and performance of this Agreement.

Section 7.16 Repealer. To the extent that any ordinance, resolution, rule, order or provision of the City's Code of ordinances or any part thereof is in conflict with the provisions of this Agreement, the provisions of this Agreement shall be controlling.

Section 7.17 Term. This Agreement shall remain in full force and effect until December 1, 2012, or until termination of the Redevelopment Project Area or until otherwise terminated pursuant to the terms hereof. However, the provisions of Section 4.3 of this Agreement shall survive termination of this Agreement.

[End of Article VII]

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed by their duly authorized officers as of the date set forth above.

CITY OF URBANA, ILLINOIS

(SEAL)

By: Paul Satterthwaite
Mayor

ATTEST:

Phyllis D. Clark
City Clerk
by Sharon Menges,
Deputy Clerk

CORRIDOR PROPERTIES, INC., an Illinois corporation

(SEAL)

By: David L. Die
Its: Vice President

ATTEST:

Nancy E. Binkman
Secretary

[Exhibits A to D, inclusive follow this page and are integral parts of this Agreement in the context of use.]

EXHIBIT A

Legal Description of Redevelopment Project Area

All that part of Sections 7 and 8, Township 19 North, Range 9 East of the Third Principal Meridian, Champaign County, Illinois, described as follows.

Beginning at the intersection of the south right-of-way line of University Avenue and the east right-of-way line of Wright Street; thence North to the centerline of University Avenue, thence East to the centerline of Wright Street; thence North along said centerline to the north right-of-way of Bealin Street; thence East along the said north line to the west right-of-way line of Mathews Street; thence North along said line to the north right-of-way line of Dublin Street; thence East along said line to the west right-of-way line of Goodwin Avenue; thence North along said line to the north line extended West of the Lincoln Avenue Mobile Home Park (also being known as Permanent Parcel number 91-21-07-226-016), said line being 349.75 feet South of the south right-of-way line of Bradley Avenue; thence East along said line to the west line of the Northeast Quarter of the Northeast Quarter of said Section 7; thence South along said west line to the south line of said quarter quarter section; thence East along said line to a point being 248 feet, more or less, West of the East line of said quarter quarter section; said point also being the northwest corner of Permanent Parcel number 91-21-07-226-010; thence South along the west line of said parcel 103 feet; thence East along the south line of said parcel extended to the east right-of-way line of Lincoln Avenue; thence South along said line 127.1 feet to the north line extended of Permanent Parcel number 92-21-07-226-012; thence West along said north line 382.22 feet to the northwest corner of said parcel; thence South along the west line of said parcel 131.08 feet to the southwest corner of said parcel; thence East along the south line of said parcel 382.22 feet extended to the east right-of-way line of Lincoln Avenue; thence South along said line 1141.56 feet to the north line extended of Permanent Parcel number 92-21-07-282-021; thence West on the said north line 368.6 feet to the northeast corner of Lot 1 of Carman's Third Subdivision; thence South along the east line of said subdivision 368.05 feet to the northwest corner of Lot 8 of said subdivision; thence East along the north line of Lots 8 and 9 to the northeast corner of said Lot 9; thence South along the east line of said Lot 9 extended to the south right-of-way line of Fairview Avenue; thence West along said line to the east right-of-way line of Goodwin Avenue; thence South along said line to the north right-of-way line of Church Street; thence East along said line to the east right-of-way line of Lincoln Avenue; thence South along said line to the intersection with the southwesterly right-of-way line of the Consolidated Railway Corporation railroad right-of-way; thence northwesterly along said line to the northwest corner of Lot 9 of Stipe's Subdivision; thence South along the west line of said lot to the southwest corner of said lot; thence West along the north line of Lots 7 and 8 of said subdivision to the northwest corner of Lot 7; thence South along the west line of Lot 7 extended to the south right-of-way of University Avenue; thence West on said line to the point of beginning.

EXHIBIT B

Legal Description of Development Area

The Development Area is the real estate in the City of Urbana, Illinois, bounded by Park Avenue to the north, Romine Street to the west, University Avenue to the south and Goodwin Avenue to the east, more particularly described as follows:

Block 1:

All of Block 39 of the Seminary Addition to Urbana, Champaign County, Illinois, as shown on a plat recorded in Deed Record Book Y at Page 208 in the Office of the Recorder, Champaign County, Illinois,

and

Block 2:

All of Block 2 of Mrs. L. J. Romine's Subdivision of Block A of the Seminary Addition to Urbana, as shown on a plat recorded in Plat Book A at Page 248 in the Office of the Recorder, Champaign County, Illinois.

EXHIBIT C

Legal Description of Acquisition Site

A portion of the Southeast Quarter of Section 7, Township 19 North, Range 9 East of the Third Principal Meridian, Champaign County, Illinois, more particularly described as follows:

Lots 9, 10, and the east half of Lot 8, all in Block 39 of the Seminary Addition to Urbana, Champaign County, Illinois, as shown on a plat recorded in Deed Record Book Y at Page 208 in the Office of the Recorder, Champaign County, Illinois.

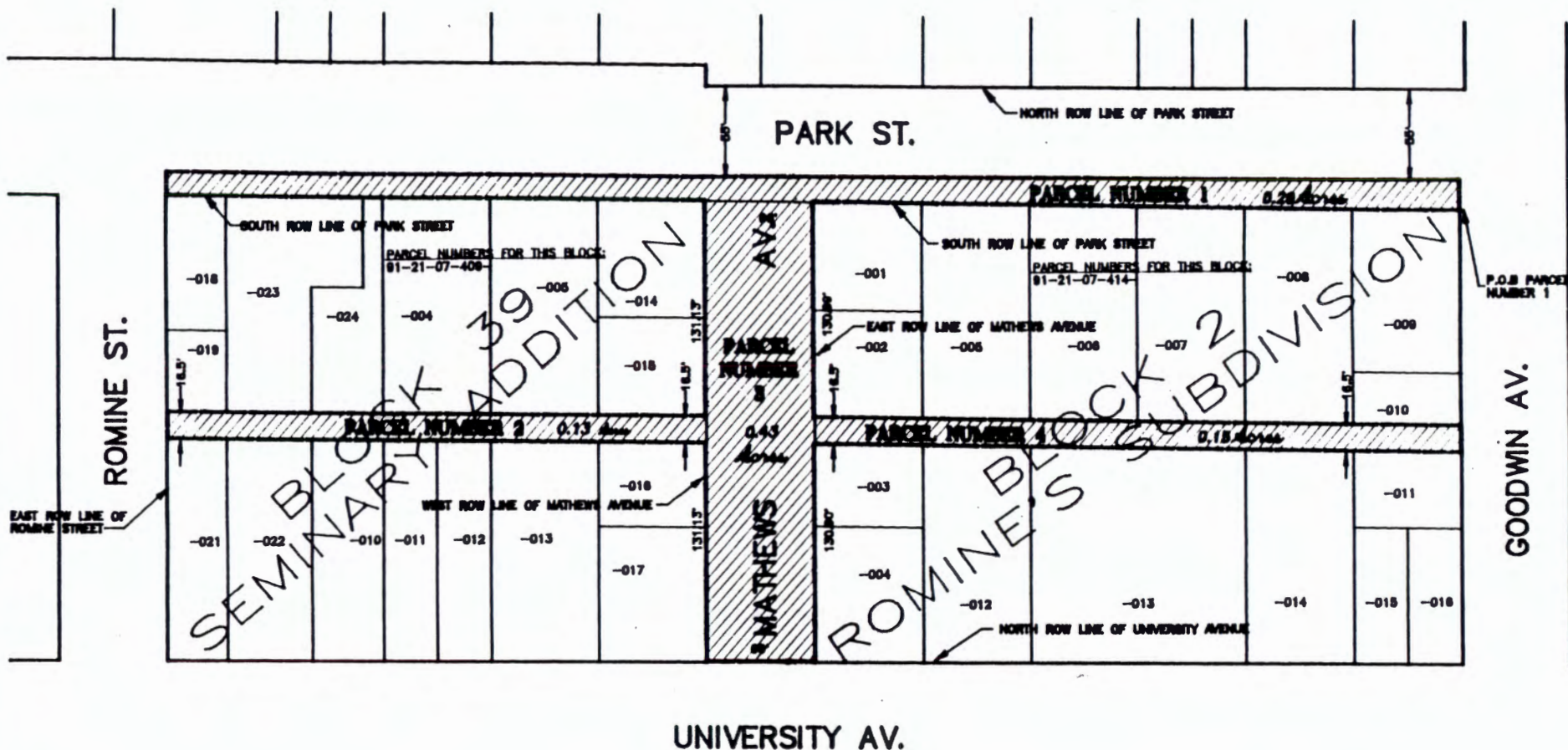
Except;

The north 52 feet of said Lot 10.

All situated in the City of Urbana, Champaign County, Illinois.

EXHIBIT D

Vacation Plat of Streets and Alleys



MAP SHOWING STREET AND ALLEY RIGHTS-OF-WAY
 PROPOSED FOR VACATION TO ACCOMODATE HOTEL
 COMPLEX SOUTH OF COVENANT MEDICAL CENTER
 DATE: AUGUST 12, 1993

ENGINEERING DIVISION



AREA OF VACATION:

CAD: K.L.H. 3/17/83
 REVISED: B.W.F. 8/8/83
 CHECKED: B.W.F. 3/17/83



LEGAL DESCRIPTION

A portion of the Park Street Right-of-Way lying between Goodwin Avenue and Romine Street, more particularly described as follows:

Beginning at an iron pin monument bearing a metal cap stamped "REX IRLS 2537" situated at the intersection of the west right-of-way line of Goodwin Avenue with the south right-of-way line of Park Street; thence, westerly, along said south right-of-way line and its extension westerly thereof, 465.58 feet, to an iron pin monument bearing a metal cap stamped "REX IRLS 2537", said point being at the intersection of the south right-of-way line of Park Street with the west right-of-way line of Mathews Avenue; thence, continuing westerly along said south right-of-way line of Park Street, 330.44 feet to the east right-of-way line of Romine Street; thence, northerly, 14.64 feet, along the east right-of-way line of Romine Street extended; thence, easterly, along a line parallel with, and 14.64 feet north of, the south right-of-way line of Park Street, 330.46 feet, to the extended west right-of-way line of Mathews Avenue; thence, easterly, along a line parallel with, and 55.00 feet south of, the north right-of-way line of Park Street, 465.33 feet, to the west right-of-way line of Goodwin Avenue extended northerly; thence, south, along said extended west right-of-way line, 18.52 feet, to the Point of Beginning. Containing 0.29 acres, more or less.

Parcel Number 2:

All of the alley in Block 39 of the Seminary Addition to Urbana, as recorded in Deed Record Book Y, at page 208 and 209, in the Office of the Recorder, Champaign County, Illinois.

Said Tract containing 0.13 acres (5,445 square feet), more or less.

Parcel Number 1:

A portion of Mathews Avenue between Park Street and University Avenue, more particularly described as follows:

All of Mathews Avenue Right-of-Way lying south of the south Right-of-Way line of Park Street and north of the north Right-of-Way line of University Avenue.

Said tract containing 0.43 acres (18,672 square feet), more or less, and all situated in Champaign County, Illinois.

Parcel Number 4:

All of the alley in Block 2 of Mrs. L. J. Romine's Subdivision of Block A of the Seminary Addition to Urbana, as recorded in Plat Book D, at page 248, in the Office of the Recorder, Champaign County, Illinois.

Said Tract containing 0.15 acres (6526 square feet), more or less.

ADDENDA TO LIMITED PARTNERSHIP AGREEMENT

These addenda are to a certain Limited Partnership Agreement made and entered into by and between ILLINI HOTEL ASSOCIATES, a partnership, and CORRIDOR PROPERTIES, INC., an Illinois corporation, dated as of April 8, 1993, and the terms and conditions stated in such Limited Partnership Agreement, to the extent not expressly modified by these addenda, are incorporated herein. In consideration of the mutual promises and covenants contained herein and in the Limited Partnership Agreement, the parties agree as follows:

1. The duty of CORRIDOR PROPERTIES, INC., to perform any and all obligations in the Limited Partnership Agreement is expressly contingent upon the Limited Partnership making available to CORRIDOR PROPERTIES, INC, sufficient space for up to twenty-six (26) automobile parking spaces as shown on Exhibit A attached hereto, such parking spaces to be constructed at the sole expense of CORRIDOR PROPERTIES, INC., and CORRIDOR PROPERTIES, INC., and ILLINI HOTEL ASSOCIATES hereby agree to use their best efforts to coordinate the hotel project site as contemplated by the Limited Partnership Agreement with the site of the office building project to be constructed by CORRIDOR PROPERTIES, INC., on land adjacent to such hotel site.
2. Subject to the requirement of the construction lender that title to the real estate be transferred to the Limited Partnership, CORRIDOR PROPERTIES, INC., shall retain legal title to the real estate referred to in "Exhibit A" to the Limited Partnership Agreement until construction of the hotel shall be substantially completed. CORRIDOR PROPERTIES, INC., agrees that it will subordinate its interest in such real estate to the lien of any mortgage required by the construction lender, if so required.
3. Of the expenses of the partnership listed in Article XI, Sections 4.a. through 4.f. of the Limited Partnership Agreement, none shall be paid to parties related to any partner except those specifically set for in Sections 4.a. through 4.f.
4. The Limited Partnership will become a party to a certain Development Agreement between CORRIDOR PROPERTIES, INC., and the CITY OF URBANA, ILLINOIS, so as to maximize Tax Increment Financing and Enterprise Zone benefits to the hotel project contemplated by the Limited Partnership Agreement.

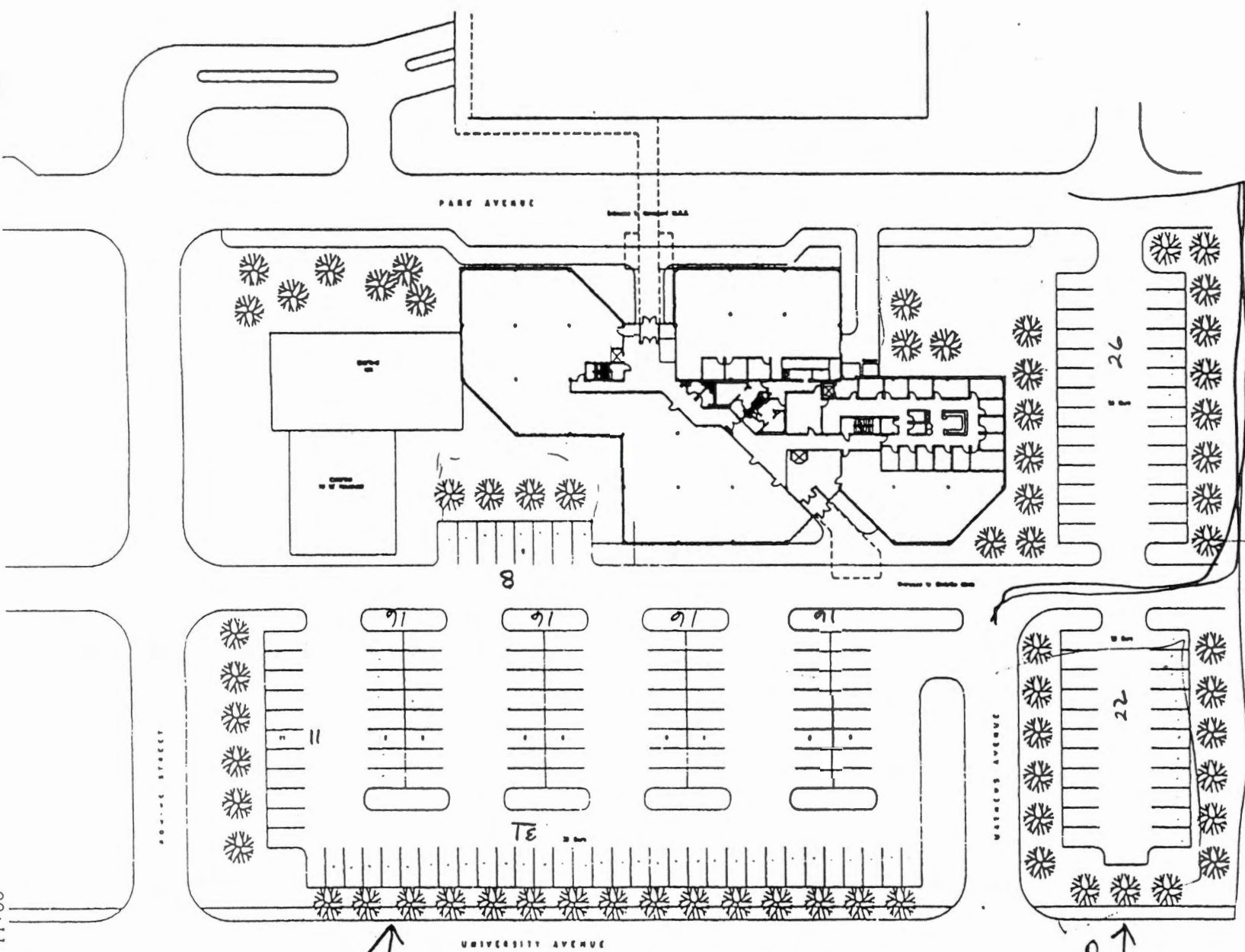
Dated: April 8, 1993

CORRIDOR PROPERTIES, INC.,

ILLINI HOTEL ASSOCIATES,

BY: Raymond E. DeTullo
Its President

Hospitality Specialists, Inc.
BY: [Signature]
Its President



114 spaces
in this area
C

Site Plan
1/17/93

48 spaces in block
on the hotel
parking would
wipe out 22
if it happens

Exhibit A

COVENANT MEDICAL CENTER
URBANA, ILLINOIS

THE HERITAGE GROUP

LIMITED PARTNERSHIP AGREEMENT

AGREEMENT OF LIMITED PARTNERSHIP made this 12th day of April, 1993, by and between ILLINI HOTEL ASSOCIATES, a Partnership, hereinafter referred to as "General Partner", and CORRIDOR PROPERTIES, INC., a corporation, and such other limited partners as may be added pursuant to the terms hereof, hereinafter referred to as "Limited Partners";

IT IS HEREBY AGREED:

ARTICLE I

Formation

1. Organization. The parties hereto hereby form a Limited Partnership under the Uniform Limited Partnership Act of the State of Illinois, herein called the "Partnership".

2. Name of Limited Partnership. The name of the Limited Partnership shall be UNIVERSITY HOTEL, an Illinois Limited Partnership. The business of the Partnership shall be conducted under such name and under such variations of this name as may be necessary to comply with the laws of other states within which the Partnership may do business.

3. Purposes of Partnership. The purposes of the Partnership shall be as follows:

- a. The construction of a Hampton Inn or equivalent quality hotel on the real estate located in Urbana, Illinois, described on Exhibit "A" attached hereto and made a part hereof. Upon completion of the construction, the partnership shall hold, maintain and operate for the production of income, dispose of the property and perform all acts necessary or appropriate in connection therewith or reasonably related thereto, as the General Partner in its sole discretion may determine. The purpose of the Partnership shall also encompass all acts necessary or desirable in connection with the above.

4. Location of Principal Place of Business. The principal place of business shall be located at 226 West State Street, Jacksonville, Illinois 62650, or at such other place or places as the General Partner may designate in a written notice to all the Limited Partners.

5. Names and Addresses or Places of Residence of Partners.

- a. The name and place of residence of the General Partner of this Partnership is set forth in Exhibit "B" attached hereto and by this reference made a part hereof. There are no other General Partners of this Partnership and no other person or entity has any right to take part in the active management of the business affairs of the Partnership.
- b. The names and addresses or places of residence of the Limited Partners of this Partnership, their capital contributions and the number of units owned by each of them are set forth in Exhibit "B" attached hereto and by this reference made a part hereof. This exhibit shall be amended from time to time to reflect admissions of new Limited Partners, substituted Limited Partners, and changes in Limited Partner's interest.

6. Term of Partnership. The Partnership shall commence on the date that a Certificate of Limited Partnership is duly filed as required by law, and shall continue in existence until December 31, 2013, unless sooner terminated, liquidated or dissolved by law or as hereinafter provided.

7. Certificate of Limited Partnership. The parties hereto shall immediately execute a Certificate of Limited Partnership, and cause such a Certificate to be filed in the appropriate office and, thereafter, execute and cause to be filed such original or amended Certificates evidencing the formation and operation of this Limited

Partnership whenever the same may be required under the laws of the State of Illinois and of any other states where the Partnership shall determine to do business.

8. Fictitious Name Certificates. The General Partner shall promptly execute and duly file, with the proper offices in each county in which the Partnership may conduct the activities herein authorized, one or more Certificates as required by law in each state in which such activities are so conducted.

ARTICLE II

Capital and Capital Contributions

1. Capital Contributions by the General Partner: The General Partner shall be required to contribute to the capital of the Partnership, the following:

- a. Services required for the management and operation of the Limited Partnership from and after the date hereof throughout the life of the Partnership until its termination.
- b. Any personal guarantees required by the mortgage or other loans or any other obligations of the Partnership.
- c. Services in acquiring and arranging financing, and all other services performed with respect to the acquisition of the property prior to the date of this agreement.
- d. Services in overseeing, selecting, contracting for and supervising the construction and equipping of the property after construction.
- e. Such other services as are required in the ordinary course of business of the Partnership.

For and in consideration of the said capital contribution by the General Partner, the General Partner shall receive sixty-two and one-half percent (62 1/2%) of the Partnership. It is

understood that the services provided hereunder are in addition to those services that will be provided for development of the project and for sales, which are provided for elsewhere and compensated separately.

2. Capital Contributions by the Limited Partners:

- A. Limited Partner CORRIDOR PROPERTIES, INC. shall contribute the real estate described on Exhibit "A" and shall receive therefor thirty-seven and one-half percent (37 1/2%) of the partnership. CORRIDOR PROPERTIES, INC. represents that it is the owner in fee simple of the property, or has the ability to deliver fee simple title to the property, except for three parcels located in the property that it does not at the present time own or control fee simple title to which. CORRIDOR PROPERTIES, INC. shall obtain fee simple title to said additional three parcels and shall contribute the entire tract described on Exhibit "A" to the partnership at the earliest possible time. CORRIDOR PROPERTIES, INC. represents that it has corporate authority to obtain said three parcels and to contribute them with the remainder of said Tract A and that consummation of the transaction contemplated herein has been fully authorized by CORRIDOR PROPERTIES, INC.'S Board of Directors, and will not constitute a breach, violation or default under its articles of incorporation, bylaws or other instruments to which it is party and that when contributed the property will be clear, unrestricted, free and unencumbered with any improvements thereon having been removed or having been contracted for removal at the expense of CORRIDOR PROPERTIES, INC.

CORRIDOR PROPERTIES, INC. represents that the property to be contributed to the partnership hereby is zoned so as to permit the use of said property for a hotel or in the alternative, that upon execution of this agreement, the Partnership may make application to cause the property to be rezoned for said purpose and CORRIDOR PROPERTIES, INC. and the Partnership shall cooperate with each other in order that all efforts to zone or rezone the property shall be successfully concluded.

CORRIDOR PROPERTIES, INC. will furnish developer with a title insurance policy covering the property, when the same is contributed, from a title company acceptable to the Partnership,

together with a current topographic and boundary survey and legal description of the property, all in form and substance acceptable to the Partnership. The title insurance shall represent that title to said property is free and clear except for the standard printed exceptions thereon.

CORRIDOR PROPERTIES, INC. represents and warrants that there are no "hazardous substances", contaminants, pollutants or toxic substances (as those terms are defined under any Federal, State or local law or regulation, or common law, pertaining to health, safety or environmental protection, as from time to time amended, referred hereto in the aggregate as "hazardous substance laws") stored or located in, on or under the Property, nor has the Property ever been used for manufacturing, storing, using, treating or disposing of any such "hazardous substances", contaminants, pollutants or toxic substances. Anything in this agreement to the contrary notwithstanding, it is agreed that Partnership does not assume or agree to be responsible, and CORRIDOR PROPERTIES, INC. agrees to defend, indemnify and hold Partnership harmless from all loss, damage, expense, fees, claims, costs, fines, penalties and liabilities, including, but not limited to, response costs, cleanup costs, remedial and monitoring costs, damages to the environment, attorney's fees and costs of litigation based upon or arising out of the presence, discovery or release of any hazardous substances, contaminants, pollutants or toxic substances located in, on or under the Property. The obligation of CORRIDOR PROPERTIES, INC. to indemnify and hold Partnership harmless set forth in this subsection shall survive the closing and shall be a continuing obligation and shall be limited in time to any activity or use of the property conducted prior to the closing.

In the event studies, to be performed by Developer's agents during the option period, show that any of the above hazardous substances exist, then CORRIDOR PROPERTIES, INC. shall pursue the removal and proper clean-up and treatment/disposal of such hazardous substances at CORRIDOR PROPERTIES, INC.'S expense.

If an easement or easements across adjoining lands owned by CORRIDOR PROPERTIES, INC. shall be necessary to bring and maintain utility service of the type described in Paragraph 8(g)(2) hereof to the property line of the Property, CORRIDOR PROPERTIES, INC. shall grant the same so long as

its property or its use of its property shall not be impaired or harmed by such an easement.

In addition, CORRIDOR PROPERTIES, INC. agrees to cooperate fully with the Partnership to attempt to secure the vacation of Matthews Avenue from University Avenue to Park Avenue and both parties hereto agree that upon said vacation, they shall cooperate to develop the same for lease or resale preferably for a full service restaurant with alcoholic beverage service, provided that in the event the same is developed any T.I.F. monies derived therefrom shall be the property of CORRIDOR PROPERTIES, INC.

Further, CORRIDOR PROPERTIES, INC. agrees hereby to give to the partnership a non-exclusive easement for the use of 15 spaces in a certain parking area on the land immediately adjacent to the property described on Exhibit "A" on the north.

The parties hereto further agree that they will enter into such crossing easements and reciprocal easements as shall be beneficial to each party's operations.

- B. General Partner shall have the right to sell additional limited partnership interests for the price of \$50,000 per Unit or any multiple thereof in its sole discretion, provided that said Units shall reduce the percentage of ownership of the General Partner only and shall not in any way dilute or reduce the ownership interest of CORRIDOR PROPERTIES, INC..

3. General Partner May Purchase Units: The General Partner, its Affiliates, or employees thereof, may at its option and discretion, purchase any or all Units for its own accounts.

4. Return of Capital: Except upon dissolution and liquidation of the Partnership, and to the extent funds are available therefor, there is no agreement for, nor time set for, return of any capital contribution of any Partner. To the extent funds are available therefor, the General Partner may return said

capital out of operating revenue or out of proceeds of sale or refinancing of Partnership property after reserving sufficient funds for payment of debts, working capital, contingencies, replacements and withdrawals of capital, if any, and to the extent of available funds, the General Partner shall return said capital at dissolution and termination, as hereinafter set forth. If any Partner shall receive the return, in whole or in part, of his capital contributions, he shall nevertheless be liable to the Partnership for any sum, not in excess of such return with interest, necessary to discharge its liabilities to all credits who extended credit or whose claims arose before such return.

5. No Interest on Capital Contributions: No Partner shall be entitled to interest of any kind on account of a capital contribution.

6. Securities Laws: To accomplish the purpose of this Article, the General Partner is hereby authorized to do all things necessary to admit Limited partners, including, but not limited to, qualifying the Units for sale with state securities regulatory authorities or perfecting exemptions from qualification and entering into such underwriting or agency arrangements for the offering and sale of Units upon such terms and conditions as the General Partner may deem advisable.

7. Temporary Investment of Partnership Capital: Proceeds from the sale of Units and other Partnership funds shall be held by the General Partner for the exclusive use of the Partnership and may be temporarily invested in (a) obligations with a maturity of

one year or less that are issued by the United States or its agencies, (b) repurchase agreements covering such governmental obligations, (c) certificates of deposit and banker's acceptances issued by banks, (d) investment grade commercial paper, (e) bank accounts, or (f) money market funds. Interest thereon shall inure to the benefit of the Partnership, and the Partners shall not receive interest on funds contributed by them.

8. Future Contributions. The Limited Partners shall not be required to make any additional capital contributions and in no event shall a Limited Partner be personally liable for any losses, obligations or debts of the Partnership in excess of his respective initial capital contribution.

9. Ownership of Partnership Property. All real or personal property, including all improvements placed or located thereon, acquired by the Partnership shall be owned by the Partners in proportion to their ownership in the Partnership, such ownership being subject to the other terms and provisions of this agreement. Each Partner hereby expressly waives the right to require partition of any Partnership property or any part thereof.

ARTICLE III

Division of Profits and Losses

1. Definition of "Net Profits" and "Net Losses". The term "net profits and net losses" shall mean the net profits and net losses of the Partnership as determined by generally accepted accounting principles for federal income tax purposes.

2. Division of Net Profits and Net Losses. All net profits and net losses of the Partnership shall be allocated to the General Partner and the Limited Partners in proportion to their ownership interest in the Partnership.

3. Division of Cash Flow. The cash flow of the Partnership shall be the net profits and net losses of the Partnership as defined in Paragraph 1 above, plus depreciation and other noncash charges deducted in determining such profits and losses, minus principal payments on all mortgages, and any other cash expenditures which have not been deducted in determining the net profits and net losses of the Partnership, and minus any amount reasonably determined by the General Partner as being required to maintain sufficient working capital and a reasonable reserve for repairs, replacement or other reasonable contingencies. The cash flow, as so determined, may be distributed by the General Partner to all the partners in proportion to their ownership interest, in the sole discretion of the General Partner.

4. Priorities Among Partners. No General or Limited Partner shall be entitled to any priority or preference over any other Partner as to distributions.

ARTICLE IV

Management of Partnership Affairs

1. Control and Management. The General Partner shall have sole and exclusive control of the Limited Partnership. Subject to any limitations expressly set forth in this agreement, the General Partner shall have the power and authority to take such action from

time to time as they may deem to be necessary, appropriate or convenient in connection with the management and conduct of the business and affairs of the Limited Partnership, including without limitation the power to:

- a. Acquire property, including real or personal property, for the use of the Partnership upon such terms and conditions as the General Partner may, from time to time, determine to be advantageous to the Partnership.
- b. Dispose of Partnership property, either in the ordinary course of the business of the Partnership or, from time to time, when the General Partner deems such disposition to be in the best interests of the Partnership.
- c. Finance the Partnership's activities by borrowing money from third parties on such terms and under such conditions as the General Partner deems appropriate. In instances where money is borrowed for Partnership purposes, the General Partner shall be, and hereby is, authorized to pledge, mortgage, encumber or grant a security interest in the Partnership properties as security for the repayment of such loans.
- d. Employ, retain or otherwise secure the services of such personnel or firms deemed necessary by the General Partner for or to facilitate the conduct of Partnership business affairs, all on such terms and for such consideration as the General Partner deems advisable.
- e. Take any and all other action which is permitted by law and which is customary in or reasonably related to the conduct of the Partnership business or affairs.

2. Restrictions on Limited Partners. The Limited Partners shall not have either the obligation or the right to take part, directly or indirectly, in the active management of the business of the Partnership, and no Limited Partner is authorized to do or perform any act, thing or deed in the name of, for or on behalf of

either the General Partner or the Partnership. Limited Partners are not authorized to and shall not, directly or indirectly, have a voice in or take part in the business affairs or business operations of the Partnership, and no Limited Partner shall receive any compensation as such Partner. Limited Partners are not authorized to and shall not be permitted to do any act, deed or thing which will cause such Limited Partner to be classified as a General Partner of the Partnership.

3. Responsibility of General Partner. The General Partner shall exercise ordinary business judgment in managing the affairs of the Partnership. Unless fraud, deceit or a wrongful taking shall be involved, the General Partner shall not be liable or obligated to the Limited Partners for any mistake of fact or judgment made by the General Partner in operating the business of the Partnership, which results in any loss to the Partnership or its Partners. The General Partner does not, in any way, guarantee the return of the Limited Partners' capital or a profit from the operation of the Partnership. Neither shall the General Partner be responsible to any Limited Partner because of a loss of his investment or a loss in operations, unless it shall have been occasioned by fraud, deceit or a wrongful taking by the General Partner. The General Partner shall devote such attention and business capacity to the affairs of the Partnership as may be reasonably necessary. In this connection, the parties hereby acknowledge that any General Partner may be the Manager or General Partner of other partnerships and may continue to manage other

partnerships, and may continue to engage in other distinct or related business, whether or not competitive with the business of the Partnership.

4. Compensation of General Partner. The General Partner shall receive no salary for the performance of its duties. The General Partner shall be entitled to reimbursement for any expenses paid by it arising out of the business of the Partnership and to reasonable and customary compensation for services, if any, rendered by a General Partner other than in its capacity as manager of the Partnership business.

ARTICLE V

Hotel Management Fee

1. Hotel Management Fee: Hospitality Specialists, Inc., an affiliate of the General Partner, shall manage the hotel to be developed by this Partnership for a fee as set forth in the Management and Agency Agreement attached hereto as Exhibit "C" and incorporated herein by reference.

ARTICLE VI

Additional Compensation to General Partner or Affiliate

1. Mortgage Brokerage Commission: For obtaining new, additional or substituted financing on the Partnership Property after the initial financing is in place, a mortgage brokerage commission of one percent (1%) of the new, additional or substituted principal amount is to be paid to the General Partner or its Affiliate.

ARTICLE VII

Books and Accounts

1. Partnership Accounting Year. The Partnership's books and records and all required income tax returns shall be kept or made on the calendar year basis. The General Partner shall determine whether the cash or accrual method of accounting is to be used in keeping the Partnership records.

2. Books and Records. The General Partner shall keep at the principal place of business and make available to all Partners at any time during normal business hours, just and true books of account and all other Partnership records. The copying by a Partner or his designated agent, of any part or all of such records, at the personal expense of that Partner is specifically authorized.

3. Periodical Financial Reports. Within sixty (60) days after the close of each calendar year of the Partnership, the General Partner shall prepare and furnish to all Partners a balance sheet for the Partnership and a full and detailed unaudited financial report on the business operations of the Partnership for and during the entire preceding year. In addition, within ninety (90) days after the close of each calendar year of the Partnership, the General Partner shall furnish to all Partners any additional information needed or necessary to complete their federal and state income tax returns, including statements of the net distributable income or loss to each Partner from the operation of the Partnership. The cost of all of the above duties and services to

be performed by the General Partner shall be deemed an expense of the Partnership.

The General Partner shall also cause monthly unaudited reports of the partnership's operations to be sent to each of the Limited Partners as soon as practicable after the end of each month.

4. Partnership Bank Accounts. The General Partner shall receive all monies of the Partnership and shall deposit the same in one or more Partnership bank accounts. All expenditures by the General Partner on Partnership interests shall be made by checks drawn against the Partnership bank account. Withdrawals from the Partnership bank accounts shall be made on such signature or signatures as the General Partner shall authorize.

5. Capital Accounts. An individual capital account shall be maintained for each Partner consisting of his contribution to the initial capital of the Partnership as:

a. Increased by:

1. Any additional contributions to Partnership capital made by him pursuant to this agreement.
2. Any amounts transferred from his income account to his capital account pursuant to this agreement.

b. Decreased by:

1. Any distributions made to him in reduction of Partnership capital.
2. His share of any Partnership losses charged to the capital accounts of the Partners pursuant to this agreement.

6. Tax Matters Partner: HOSPITALITY SPECIALISTS, INC. is hereby designated as the "Tax Matters Partner" of the Partnership in accordance with Section 6231(a)(7) of the Internal Revenue Code and is authorized, at the Partnership's sole cost and expense, to represent the Partnership and each Partner in connection with all examinations of the Partnership affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs connected therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any and all things reasonably required by the General Partner to conduct such proceedings. The General Partner shall have the right to settle any audits without the consent of the Partners and to take any and all other action on behalf of the Partners or the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law and regulations.

7. Designated Person:

- a. The General Partner shall act as the designated person (the "Designated Person") for the Partnership, as provided in regulations pursuant to Section 6112 of the Internal Revenue Code and each Partner hereby consents to such designation.
- b. The General Partner shall maintain a list of all investors in the Partnership in such form and manner as required by the regulations under Section 6112 of the Internal Revenue Code.
- c. Each Limited Partner hereby acknowledges receipt of the following notice:

"You have acquired an interest in the Partnership, the address of which is 226 West State Street, Jacksonville, Illinois. The Partnership has

applied for a taxpayer identification number and a registration number.

YOU MUST REPORT THE REGISTRATION NUMBER TO THE INTERNAL REVENUE SERVICE, IF YOU CLAIM ANY DEDUCTION, LOSS, CREDIT OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN THE PARTNERSHIP.

You must report the registration number (as well as the name and taxpayer identification number) of the Partnership on Form 8271.

FORM 8271 MUST BE ATTACHED TO THE RETURN ON WHICH YOU CLAIM THE DEDUCTION, LOSS, CREDIT OR OTHER TAX BENEFIT OR REPORT ANY INCOME.

ISSUANCE OF A REGISTRATION NUMBER DOES NOT INDICATE THAT THE INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED OR APPROVED BY THE INTERNAL REVENUE SERVICE.

If you transfer your interest to another person, you are required by the Internal Revenue Service to keep a list containing the person's name, address, taxpayer identification number, the date on which you transferred the interest and the name, address and tax shelter registration number of this tax shelter. If you do not want to keep such a list, you must (1) send the information specified above to the General Partner, who will keep the list for this tax shelter, and (2) give a copy of this notice to the person to whom you transfer your interest."

ARTICLE VIII

Liabilities

1. Liability of General Partner. Except as otherwise provided in this agreement, the liability of the General Partner arising from carrying on the business affairs or operations of the Partnership or for the debts of the Partnership is unrestricted.

2. Liability of Limited Partners. The liability of the Limited Partners with regard to the Partnership in all respects is

restricted and limited to the amount of the actual capital contributions (and loans, if any) that each Limited Partner makes or agrees to make to the Partnership.

3. Assessments. The Limited Partners cannot be assessed to make an additional capital contribution to the Partnership above that which each Limited Partner agrees to make to the Partnership. If additional capital contributions to the Partnership are required and are made by a General Partner, it shall not entitle the General Partner to a greater share of the profits or distributions of the Partnership than otherwise is provided for by this agreement.

4. Loans to the Partnership. Nothing herein shall prevent or act against a General or Limited Partner loaning money to the Partnership on a promissory note or similar evidence of indebtedness for a reasonable rate of interest. Any Partner loaning money to the Partnership shall have the same rights and risks regarding the loan as would any person or entity making the loan who was not a Partner of the Partnership.

ARTICLE IX

Prohibited Transactions

1. Specified Acts. During the time of the organization or continuance of this Limited Partnership, neither the General nor Limited Partners hereof shall do any one of the following:

- a. Use the name of the Partnership (or any substantially similar name) or any trademark or trade name adopted by the Partnership, except in the ordinary course of the Partnership business.
- b. Disclose to any nonpartner any of the Partnership business practices, trade secrets or any other

information not generally known to the business community.

- c. Do any other act or deed with the intention of harming the business operations of the Partnership.
- d. Do any act contrary to this Limited Partnership Agreement, except with the prior expressed approval of all Partners.
- e. Do any act which would make it impossible to carry on the intended or ordinary business of the Partnership.
- f. Confess a judgment against the Partnership.
- g. Abandon or wrongfully transfer or dispose of Partnership property, real or personal.
- h. Admit another person or entity as a General Partner.

2. Use of Partnership Assets. Further, the General Partner shall not use, directly or indirectly, the assets of this Partnership for any purpose other than carrying on the business of this Partnership, for the full and exclusive benefit of all its Partners.

ARTICLE X

Termination of the Partnership

1. Termination Upon Withdrawal, Bankruptcy, Death or Incapacity of General Partner. The General Partner, effective as of the last day of any calendar year of the Partnership, may voluntarily withdraw from the Partnership as General Partner, and such withdrawal shall have the effect of terminating the Partnership as of the close of business on such last day.

2. Effect of Death or Incapacity of Limited Partner. The death or incapacity of a Limited Partner shall have no effect on

the life of the Partnership, which shall continue.

3. Voluntary Termination. The Partnership may be terminated upon any date specified in a notice of termination, signed by the General Partner and the holders of Sixty-six and two-thirds percent (66 2/3%) of the Limited Partnership interests.

4. Effect of Termination of the Partnership.

- a. Upon the termination of the Partnership, regardless of how it is terminated, the affairs of the Partnership shall be wound up by the General Partner. If for any reason there is no General Partner, or if it refuses to serve, or is incapable of serving, the holders of a majority of the Limited Partnership Units may appoint or designate a Trustee-in-Liquidation who shall serve to wind up the affairs of the Partnership. The Trustee-in-Liquidation need not be a commercial corporate trustee, need not be bonded and may be a Limited Partner. Whoever serves to wind up the affairs of the Partnership, the following procedure shall be followed:
 1. To the Limited Partners in respect of their share of profits.
 2. To the Limited Partners in respect of their capital accounts.
 3. To the General Partner in respect of compensation, then profits, then capital.
- b. Upon such termination, the assets of the Partnership shall be applied as follows: to payment of the outstanding Partnership liabilities, although an appropriate reserve may be maintained and the amount determined by the General Partner or Trustee-in-Liquidation for any contingent liability until said contingent liability is satisfied, and the balance of such reserve, if any, shall be distributed, together with any other sum remaining after payment of the outstanding Partnership liabilities, to the Partners in the following order of priority:
 1. To the Limited Partners in respect of their share of profits.
 2. To the Limited Partners in respect of their capital accounts.
 3. To the General Partner in respect of compensation, then profits, then capital.
- c. Nothing contained in this agreement shall defeat the right of either a Limited or a General Partner

to require and to have a court-supervised winding up, liquidation and dissolution of the Partnership. No Partner shall be entitled to demand a distribution be made to him in Partnership property, but the General Partner may make or direct property distributions to be made, using the property's fair market value as of the time of distribution as the basis for making the distribution.

ARTICLE XI

Partnership Expenses

1. Reimbursement to General Partner: The Partnership shall reimburse the General Partner for any Offering and Organization Expenses incurred by them. The General Partner may be reimbursed for the actual cost to the General Partner or its Affiliates of goods, materials and services performed by unaffiliated parties.

2. General Partner's expenses -- Non-Reimbursable: No payment will be made to the General Partner for the General Partner's overhead expenses, except as specifically provided for in Paragraphs 1 and 4 of this Article.

3. Direct Payment of Partnership Expenses: All of the Partnership expenses shall be billed directly to and paid by the Partnership. In the event that the General Partner advances such funds to the Partnership or directly pays such expenses, it shall be fully reimbursed by the Partnership.

4. Payment of Expenses of the Partnership: The Partnership will pay the following expenses of the Partnership:

- a. "Offering and Organization Expenses". Said Offering and Organization Expenses shall include \$10,000 payable to THOMSON, MANN, MANN, MITCHELL & McNEELY, P.C., an affiliate of the General Partner, for legal fees in preparing the Subscription.

Agreement, Partnership Agreement and all other documents necessary for the creation of the Partnership.

- b. "Expenses of Partnership Property", which may include, but are not limited to: (1) all costs of personnel employed by the Partnership; (2) all operational costs of Partnership property; (3) legal, accounting, audit, brokerage and other fees; (4) fees and expenses paid to independent contractors, mortgage bankers, brokers and servicers, leasing agents, consultants, onsite managers, real estate brokers, insurance brokers and other agents; (5) expenses in connection with the acquisition and disposition of Partnership properties.
- c. "Expenses of Partnership Administration", including all accounting, documentation, professional and reporting expenses of the Partnership and expenses of insurance.
- d. "Other Expenses" necessary or advisable for the operation of the business of the Partnership.
- e. "Development Fees", HOSPITALITY SPECIALISTS, INC. shall receive \$200,000 for administering, overseeing and supervising the development and construction of the Hampton Inn.
- f. "Sales Fees", DANIEL JOHNSON shall receive \$50,000 for overseeing and supervising the securing of appropriate financing for the project and the sale of limited partnership interests.

ARTICLE XII

Restrictions on Transfers

1. Prohibition Against Transfer. Except as hereinafter set forth, no Limited Partner shall sell, assign, transfer, encumber or otherwise dispose of any interest in the Partnership without the written consent of the General Partner.

2. Permitted Sales.

- a. In the event a Limited Partner receives a bona fide offer for the purchase of all or a part of his

interest in the Partnership, said Limited Partner shall either refuse such offer or give the General Partner written notice setting out full details of such offer, which notice, among other things, shall specify the name of the offeror, the percentage of interest in the Partnership covered by the offer, the terms of payment, whether for cash or credit and, if on credit, the time and interest rate, as well as any and all other consideration being received or paid in connection with such proposed transaction, as well as any and all other terms, conditions and details of such offer.

- b. Upon receipt of the notice with respect to such offer, the General Partner shall have the exclusive right and option, exercisable at any time during a period of thirty (30) days from the date of said notice, to purchase the interest in the Partnership covered by the offer in question at the same price and on the same terms and conditions of the offer as set out in such notice. If the General Partner decides to exercise the option, it shall give written notice to that effect to the Limited Partner desiring to sell, and said sale and purchase shall be consummated within thirty (30) days thereafter. If the General Partner does not elect to exercise its option or waive its rights in writing, subject to any prohibitions or restrictions on transfer imposed by the General Partner for purposes of compliance with applicable securities law, the selling Limited Partner shall be so notified in writing and, subject to any prohibitions or restrictions on transfer imposed by the General Partner for purposes of compliance with applicable securities law, shall be free to sell the interest in the Partnership covered by the offer, if such sale is consummated within ninety (90) days thereafter, or else such interest shall thereafter once again become subject to the restrictions of this article. Such sale, if permitted, shall be made strictly upon the terms and conditions and to the person described in the required notice.
- c. Any assignment made to anyone, not already a Partner, shall be effective only to give the assignee the right to receive the share of profits to which his assignor would otherwise be entitled, shall not relieve the assignor from liability under any agreement to make additional contributions to capital, shall not relieve the assignor from

liability under the provisions of this Partnership Agreement, and shall not give the assignee the right to become a substituted Limited Partner. Neither the General Partner nor the Partnership shall be required to determine the tax consequences to a Limited Partner or his assignee, arising from the assignment of a Limited Partnership interest. The Partnership shall continue with the same basis and capital account for the assignee as was attributable to the former owner who assigned the Limited Partnership interest. The Partnership interest of the General Partner cannot be voluntarily assigned or transferred except when such occurs by operation of law.

ARTICLE XIII

Termination of the Project

Unless reasonable progress has been made on the project by October 1, 1993, the Partnership shall be dissolved and the real property returned to Limited Partner CORRIDOR PROPERTIES, INC. By reasonable progress, it is meant that a Hampton Inn franchise commitment or other suitable franchise commitment has been obtained, or that a commitment for adequate financing for the project has been obtained, or such other matters as would lead a reasonable man to conclude the project was in fact going forward.

ARTICLE XIV

Miscellaneous Provisions

1. Amendment. This agreement may be amended or modified by the Partners from time to time but only a written instrument executed by the General Partner and the holders of two-thirds of the Limited Partnership Units.

2. Meetings. Meetings of the Partners shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt of written notice from the General Partner. General Partner shall give notice of meeting of the Partners at any time upon their own choosing or within five (5) days after they shall receive written demand for a meeting from the holders of two-thirds of the Limited Partnership Units.

3. Notices. Except as may be otherwise specifically provided in this agreement, all notices required or permitted hereunder shall be in writing and shall be deemed to be delivered when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt request, addressed to the parties at the respective addresses set forth on Exhibit "A" attached hereto or at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith.

4. Applicable State Law. This agreement shall be construed under and in accordance with the laws of the State of Illinois and all obligations of the parties created hereunder are performable in the State of Illinois.

5. Other Instruments. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the Partnership created by this agreement.

6. Headings. The headings used in this agreement are used for administrative purposes and do not constitute substantive

matter to be considered in construing the terms of this agreement.

7. Parties Bound. This agreement is binding on and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this agreement.

8. Construction of Agreement. This agreement shall not be strictly construed against any party hereto.

9. Severability. In case any one or more of the provisions contained in this agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof and this agreement shall be construed as if such provisions had never been contained herein.

10. Counterparts. This agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original.

11. Gender. Wherever the context shall so require, all words herein in the masculine gender shall be deemed to include the feminine or neuter gender, all singular words shall include the plural and all plural words shall include the singular.

IN WITNESS WHEREOF, each party has executed this agreement or a counterpart hereof on the day and year first above written.

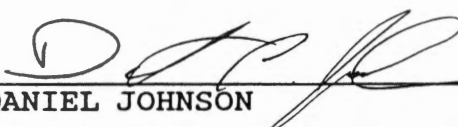
ILLINI HOTEL ASSOCIATES,
a Partnership,

HOSPITALITY SPECIALISTS,
INC.

By: 
President

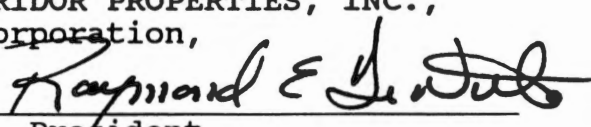
ATTEST: 
Secretary

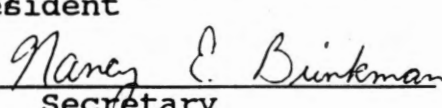
-General Partner-


DANIEL JOHNSON

-General Partner-

CORRIDOR PROPERTIES, INC.,
a Corporation,

By: 
President

ATTEST: 
Secretary

-LIMITED PARTNERS-

EXHIBIT "A"

Legal Description

One Urbana City Block bounded by University Avenue on the South, Goodwin Avenue on the East, Park Avenue on the North and Matthews Avenue on the West.

Legal Description to be provided by Corridor, Inc.

EXHIBIT "B"

UNIVERSITY HOTEL, a Limited Partnership

List of Partners

<u>Name of Partner and Address</u>	<u>Percentage of Ownership Interest</u>
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General Partner

ILLINI HOTEL ASSOCIATES
226 West State Street
Jacksonville, Illinois 62650

62 1/2%

(Said percentage of interest is subject to being reduced upon the sale of additional limited partnership interests.)

Limited Partners

CORRIDOR PROPERTIES, INC.
175 South Wall Street
Kankakee, IL 60901

37 1/2%

MANAGEMENT AND AGENCY AGREEMENT

THIS AGREEMENT, made as of this ____ day of _____, 1993, by and between UNIVERSITY HOTEL of Urbana, Illinois, as "OWNER", and HOSPITALITY SPECIALISTS, INC., an Illinois Corporation, whose ownership consists solely of JOHN A. MANN and JAMES L. MANN, with its principal address at 226 West State Street, Jacksonville, Illinois, as "AGENT".

WITNESSETH:

WHEREAS, Owner anticipates the construction of a 100 room Hampton Inn in Urbana Illinois (herein called the "HOTEL"); and

WHEREAS, Agent is experienced in the management of hotels and motels; and

WHEREAS, Owner is desirous of hiring Agent to manage Hotel and Agent is desirous of managing same.

NOW, THEREFORE, the parties agree as follows:

1. Definitions.

- a. "Gross Operating Income" shall mean all income derived on behalf of Owner from the operation of the Hotel, including without limitation, income from room sales, meeting room and banquet room sales, food and beverage sales, concessions, leases, telephones, vending machines, gift shops and newspaper stands. Gross Operating Income shall be calculated on an accrual basis without adjustment for bad and uncollectible accounts. Gross Operating Income shall not include tips to employees, benefits resulting from reductions in property taxes, room or other deposits which are returned to the depositor, insurance proceeds and condemnation awards, taxes collected for the benefit of taxing authorities (state, county, city and federal) or refunds for overpayment of taxes or assessments paid in connection with the ownership, operation or maintenance of the Hotel, or any income or proceeds from the sale or transfer of capital assets of the Hotel.

- b. "Fixed Expenses" shall mean:
1. All lease, mortgage, conditional sale or other periodic payments on Owner's behalf for the rental or financing of the Hotel, the ground underlying the Hotel or any Hotel appurtenances or equipment, appliances, furniture, vehicles or carpeting located therein or used in connection with the operation thereof.
 2. Real and personal property taxes on the Hotel and the personal property, equipment and fixtures located thereon or used in connection with the operation thereof.
 3. All insurance (including, without limitation, hazard, liability, automobile and workmen's compensation insurance) premiums in connection with the Hotel.
- c. "Operating Expenses" shall mean all expenses of operating the Hotel, except the Fixed Expenses and except as stated below, including, without limitation, employees' salaries and FICA and withholding taxes; water, sewer, electric, oil, coal, gas and telephone bills; supplies; janitorial services; garbage removal; extermination; repairs, alterations, maintenance and improvements, not classifiable as capital expenditures; recurring national license or franchise fees; collection costs and credit card company charges; and any reimbursements in connection with the operation of the Hotel pursuant to this agreement to Agent provided for in this agreement. Operating Expenses shall not include compensation to Agent hereunder and shall not include payments or accounting entries to any reserve accounts or for depreciation or any expenditures for capital improvements. For purposes of determining whether an outlay is to be deemed an expense or a capital expenditure, the uniform system of accounts accepted by the America Hotel Association shall control. Operating Expenses shall not include any overhead or any fees, dividends or principal, paid to Owner or affiliates of Owner, by Owner or from income from the Hotel.
- d. "Net Operating Income" shall mean Gross Operating Income minus Operating Expenses.

2. Designation and Appointment. Owner hereby designates and appoints Agent as the sole and exclusive management agent of the Hotel and Agent hereby accepts such designation and appointment.

3. Term.

- a. The term of this agreement shall commence as of approval or conditional approval for opening by Hampton Inns, Inc. The term shall continue until and including ten (10) years from the date as determined above. In addition, Agent shall receive compensation prior to opening for services related to the pre-opening development beginning three (3) months prior to opening. Said compensation shall be in the amount of \$4,000.00 per month, payable monthly. Agent shall be responsible for all pre-opening activities, including developing advertising, hiring employees, testing of systems and all other matters related to preparing a hotel for opening.
- b. This agreement may be terminated prior to expiration of the term set forth in Paragraph (a) above in the event a petition in bankruptcy is filed by or against either Owner or Agent or in the event that either shall make an assignment for the benefit of creditors or take advantage of an insolvency act, or in the event a receiver, trustee or liquidator is appointed to take possession or charge of the business or assets of either party. The other party may, but is not obligated to, terminate this agreement forthwith, provided, however, that nothing in this subparagraph shall adversely affect the rights or claims of such other party in the bankruptcy or insolvency proceedings or against any trustee, receiver or assignee for the benefit of creditors.
- c. Except as stated to the contrary in Paragraphs 3(a) and 3(b), and except for a material breach of this agreement, this agreement may not be terminated by either party for any reason.
- d. Upon any termination of this agreement, Owner shall pay to Agent all compensation due to Agent hereunder to the date of such termination, together with any other sums owed by Owner to Agent hereunder. Agent shall turn over to Owner all funds of Owner held by Agent, less any sums due

Agent under the first sentence of this Paragraph 3(d) and Agent shall deliver to Owner a full and final accounting of the operations of the Hotel.

e. It is further agreed by and between the parties as follows:

1. Agent agrees to accept, abide by and be subject to all rules, regulations, inspections and requirements of Hampton Inns, Inc.
2. If the Hampton Inn commitment or license issued thereunder pertaining to the Hotel shall terminate, the Agent shall cease operating the Hotel as a Hampton Inn Hotel.
3. If there is any conflict between the terms of this Management Agreement and the terms of the commitment or license between Hampton Inns, Inc. and Owner pertaining to the Hotel, the terms of the commitment or license shall govern and control.
4. Notwithstanding the consent of Hampton Inns, Inc. to this Management Agreement, Owner and all guarantors shall remain liable to Hampton Inns, Inc. under the terms of the commitment or license issued thereunder pertaining to the Hotel.

4. Agent's Authority, Powers and Duties. Upon construction of the Hotel, Agent shall take over the full management of the Hotel with full power to do any and all acts, in its own name or in Owner's name, as if Agent were, itself, the Owner and at Owner's expense. The authority, powers and duties which Agent shall exercise or perform include, but are not limited to, the following:

- a. To advertise for occupancy and let rooms in the Hotel to desirable transients on a daily, seasonal or other basis and at such rates as Agent may, in its discretion, determine as long as such basis is consistent with the operation of a hotel in the general geographical area.
- b. To collect and account to Owner for all room, food and beverage, concession and other charges at the

Hotel and to maintain bank accounts for the Hotel's operations in accordance with Paragraph 11.

- c. To negotiate and enter into written or oral contracts for utility, maintenance, extermination and other services and for such other purposes in furtherance of the operation of the Hotel as Agent may deem appropriate.
- d. To keep and maintain the Hotel in good condition and repair, and to make such purchases and expenditures on Owner's behalf as Agent deems appropriate in connection therewith, excluding capital improvements.
- e. To pay on behalf of Owner out of monies collected or other funds made available by Owner to cover such items, all Operating Expenses.
- f. To supervise the work of and to hire and discharge employees, it being expressly understood, however, that all employees are in the employ of Owner solely and not in the employ of Agent and that Agent is in no wise liable to employees for their wages or compensation nor to Owner or others for any act or omission on the part of such employees.
- g. To execute and file all returns and other instruments and do and perform all acts required of Owner as an employer with respect to the Hotel under the Federal Insurance Contributions Acts, the Federal Unemployment Tax Act and Subtitle C of the Internal Revenue Code of 1954 with respect to wages paid by Agent on behalf of Owner and under any similar Federal or State law now or hereafter in force (and in connection therewith Owner agrees upon request to promptly execute and deliver to Agent all necessary powers of attorney, notices of appointment and the like), it being expressly understood, however, that Agent is in no way liable to any employees of Owner for their wages or compensation or to governmental agencies for payroll or withholding taxes, unemployment compensation or similar payroll costs of employees.
- h. To submit monthly income and expense reports to Owner or Owner's designees and to submit written recommendations to the aforementioned parties regarding the operation of the Hotel to the extent deemed necessary by Agent or upon Owner's reasonable request.

- i. To hire collection agencies and to institute any and all legal actions or proceedings for the collection of bills for room or other charges at the Hotel and to oust or eject guests from the Hotel in the name of Owner and to assert innkeeper's liens in Owner's name where deemed appropriate.
- j. To enter into agreements, subject to the limitations set forth in Paragraph 5(a), with any third parties in settlement of any actual, threatened or alleged claim in any way affecting or relating to the Hotel (except as to real and personal property tax assessment matters, insurance claims and condemnation awards which shall be the responsibility of Owner, although Agent shall render any assistance in connection therewith requested by Owner) and to hire local counsel in connection therewith or in connection with any lawsuits affecting or relating to the Hotel, provided, however, that Agent is expressly prohibited from taking any action which Agent knows or should have known, will in any way jeopardize any insurance coverage maintained by Owner.
- k. To obtain fidelity bonds, as, when and in amounts which Agent in its discretion may determine for all employees at the Hotel who handle money.
- l. To enter into any concession agreements on Owner's behalf in connection with food and beverage operations of the Hotel and to enter into concession agreements relating to coin-operated vending machines and telephones.
- m. To arrange at Agent's discretion for transportation services of guests of the Hotel to and from local airports and other mass transportation centers and to and from local shopping centers and points of interest.
- n. To establish accounting and bookkeeping systems to be followed by employees of the Hotel and to coordinate all accounting matters.
- o. To enter into any other lease, license or concession arrangements as Agent deems desirable in order to offer a full and attractive line of services to guests of the Hotel.

5. Scope of Agent's Authority and Power. Anything in Paragraph 4 hereof to the contrary notwithstanding:

- a. Agent is authorized to expend all funds necessary for any one contract, item or repair or alteration, advertising or legal fee or any other item of expense or capital improvement without consulting with Owner; provided, however, that no single alteration or repair (excluding work performed pursuant to an elevator, air conditioning, pool or similar type of maintenance contract which work is not charged for over and above the normal contract payment) or capital expenditure in excess of \$5,000.00 shall be made by Agent without Owner's prior approval. However, in the event of a situation which Agent reasonably assesses as an emergency situation, Agent may expend up to \$10,000.00 without first notifying Owner, as long as Agent simultaneously or as soon as possible notifies Owner.
- b. Agent does not assume and is given no responsibility for compliance of any building or any equipment therein with the requirements of any statute, ordinance, law or regulation of any governmental body or public authority having jurisdiction over Owner or the Hotel, except to notify Owner promptly of any complaints, warnings, notices or summonses received by Agent in connection with such matters, and upon Owner's authorization and at Owner's expense, to take action necessary to cure any defaults.
- c. Except as stated to the contrary in this agreement, Agent is clothed with such general authority and powers as may be necessary or advisable to carry out the spirit and intent of this agreement and Agent may and shall perform all acts or functions necessary or deemed advisable by Agent in order to manage, operate and preserve the premises in the ordinary course of business.

6. Covenant of Diligence. Agent agrees to perform all functions and to exercise all authority, powers and duties hereunder in a professional and diligent manner and to use its best judgment and efforts to operate the Hotel as efficiently and

profitably as possible. Agent warrants that all funds handled or controlled by it and its employees and agents will be accurately accounted for and Agent hereby agrees to indemnify Owner for any loss of funds collected by Agent and directly attributable to the negligence of Agent. Agent shall not be liable for loss of funds handled by Owner's employees unless directly attributable to Agent's negligence or malfeasance. Agent shall use its best efforts to assure that the Hotel is at all times in compliance with the terms of the Hampton Inn franchise or licensing agreement which affects it but Agent shall not be liable for lack of such compliance unless caused by its own negligence or mismanagement.

7. Compensation. As compensation for Agent's services hereunder, Owner shall pay to Agent a sum equal to ten percent (10%) of the Net Operating Income, payable at the times and in the manner specified in Paragraph 11.

8. Allocation of Expenses.

- a. Owner shall bear each and every debt, charge, cost, fee, expense, premium, assessment and tax incurred in connection with or arising out of the leasing, acquisition, construction and operation of the Hotel (except for salaries to employees of Agent) although same may be paid by Agent on Owner's behalf. It is expressly agreed that although Agent is to make certain payments on behalf of Owner in connection with the operation of the Hotel, the liability for such payments rests solely with Owner and Agent shall have no liability to any third parties on account thereof.
- b. Agent shall bear all of its own general overhead costs and expenses, including the expense of preparing reports and accountings to Owner hereunder, except as provided in Paragraph 11, below. Agent shall bear the costs incurred in connection with travel of Agent's employees in

pursuance of this agreement to and from the Hotel; provided, however, that Owner shall reimburse Agent for travel and out-of-pocket expenses incurred by Agent outside the scope of operating the Hotel and provided further that there will be no charge for Agent's employees' food and accommodations at the Hotel when such charges are incurred in connection with a trip within the scope of Agent's duties hereunder.

9. Owner's Indemnification. Owner agrees:

- a. To indemnify, defend and hold and save Agent free and harmless from damages or injuries to person or property by reason of any cause whatsoever either in and about the Hotel or elsewhere when Agent is carrying out the provisions of this agreement or acting under the express or implied directions of Owner.
- b. To indemnify, defend and save Agent free and harmless from any and all costs and expenses arising out of or in connection with, the defense of, any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner and Agent jointly and severally, affected or due to the condition or use of the premises, or acts or omissions of Agent or employees of Owner or Agent, arising out of or based upon an alleged violation of any constitution, law, regulation, requirement, contract or award relating to the hours of employment, working conditions, wages and/or compensation of employees or former employees of Owner or otherwise, except where Agent is determined liable by reason of gross negligence or willful misconduct.
- c. To defend promptly and diligently, at Owner's sole expense, any claim, action or proceeding brought against Agent or Agent and Owner jointly and severally, arising out of or in connection with any of the foregoing, and to hold harmless and fully indemnify Agent from any judgment, loss or settlement on account thereof. It is expressly understood and agreed that the foregoing provisions of this Paragraph 9 shall survive the termination of this agreement, but this shall not be construed to mean that Owner's liability does not survive as to other provisions of this agreement. Nothing contained in subparagraphs (a) and (b) of this

Paragraph 9 shall relieve Agent from responsibility to Owner for gross negligence or willful misconduct.

- d. In furtherance of the Owner's covenants under this Paragraph 9, Owner shall carry, at its expense, public liability, elevator liability (if the Hotel has an elevator), liquor liability and workmen's compensation insurance with respect to the Hotel naming Owner and Agent as insured in amounts, and in form and substance and written by companies reasonably satisfactory to Agent. Owner shall furnish certificates evidencing such insurance to Agent. Such insurance shall not be cancelable without at least thirty (30) days prior notice to Agent. In the event such insurance is not in effect at any time, Agent may purchase same and pay the premiums out of the Gross Operating Income.

10. Agent's Indemnification. Agent agrees:

- a. To indemnify, defend and hold and save Owner free and harmless from damages or injuries to person or property if the same is caused by the negligence of said Agent or its employees.
- b. To indemnify, defend and save Owner free and harmless from any and all costs and expenses arising out of or in connection with, the defense of, any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner and Agent jointly and severally, where Agent is determined liable by reason of gross negligence or willful misconduct.
- c. To hold harmless and fully indemnify Owner from any judgment, lawsuit or settlement on account thereof, for any action where the Agent is determined to be liable by reason of gross negligence or willful misconduct.

11. Collections, Payments and Accounting.

- a. Agent shall cause all income from the Hotel to be collected and deposited in a separate checking account relating to the Hotel's operations so that no funds collected on behalf of Owner are commingled with any other funds under Agent's control. From this account, Agent will make the following disbursements each month in the following

order or priority:

1. The compensation to Agent specified in Paragraph 7. This compensation shall be disbursed to Agent once each month on the basis of ten percent (10%) of the prior years Net Operating Income made by Owner or any predecessor of Owner for that calendar month. An adjustment shall be made at the end of each quarter to reflect the actual Net Operating Income for the quarter. Any additional compensation shall be paid to Agent within a reasonable time and any excess shall be used to reduce the next month or months compensation due Agent.
 2. All Operating Expenses.
 3. On the last day of each month or as soon thereafter as possible, Agent shall render to Owner a complete accounting of receipts and disbursements showing a total balance to be remitted to Owner or deficiency to be paid by Owner, both for the then current month and on a cumulative year to date basis. Any balance shown to be due Owner shall be remitted with the statement, unless there is a net deficiency from prior months which has not been cured, in which case the balance shall be applied to reduction of the said deficiency with the then remaining balance, if any, to be remitted to Owner. Owner agrees to pay to Agent any deficiency within a reasonable time after receipt of each monthly statement from Agent. However, Agent reserves the right at any time by serving notice to demand payment of any deficiency within ten (10) days. Nothing contained herein shall oblige Agent to advance any of its funds on Owner's account. Owner agrees to pay, when due, the Fixed Expenses out of the proceeds remitted by Agent and to supply verification to Agent of such payments as made.
- b. Agent agrees to keep accurate records and books of account of the operation of the Hotel and to keep said records and books of account available for inspection at any reasonable time and upon prior notice by Owner or its designee. Agent shall receive as compensation for doing all accounting functions and providing payroll services a

reasonable fee. At the signing of this agreement said fee shall be \$450.00 a month for accounting services and a charge of \$1.25 per payroll check written for each payroll period during the term of this agreement. Said fees may be adjusted but in no event shall they increase more than five (5%) per annum during the period of this agreement. Agent shall give notice to Owner of any increases in said fee not less than thirty (30) days prior to the institution of said increases. The monthly accounting to be submitted to Owner pursuant to subparagraph (a) above shall include a monthly profit and loss statement, trial balance and check register. Owner may at any time and at Owner's expense have Agent's records and books of account examined by an independent certified public accountant of Owner's choosing. In the event as a result of said examination, material omissions or inaccuracies are disclosed, then Agent shall pay for the cost of the audit as opposed to the Owner. It is hereby agreed that the definition of materiality is a variance of ten percent (10%) or more in overall results (i.e., profits or losses) that is adverse to the Owner.

12. Agreement Nonexclusive as to Agent. Agent shall only be required to devote such time as is reasonably necessary to accomplish the purposes of this agreement, and nothing herein contained shall require Agent to devote its full time thereto or prevent Agent from engaging in other business activities, including, without limitation, the management of other hotels and motels.

13. Notices. Any notices to be given by one party to the other shall be delivered in person or by depositing same in the United States mail, postage prepaid, registered or certified, with return receipt requested, to all the individuals listed below. All notices shall be deemed to have been given the earlier of actual receipt thereof or five (5) days after postmark.

Notices shall be sent:

If to Agent to:	226 West State Street Jacksonville, Illinois 62650
If to Owner to:	226 West State Street Jacksonville, Illinois 62650

14. Miscellaneous.

- a. In the event the term of this agreement begins or ends on other than the first or last day of a calendar month and/or fiscal year, appropriate adjustments shall be made in computing the compensation to Agent and any other items that could be similarly affected.
- b. The paragraphs headings are for convenience only and are not to be construed to modify, change or alter any provisions of this agreement. References to paragraph numbers refer to paragraphs of this agreement unless a contrary intention is expressed.
- c. In the event of any litigation between the parties arising out of this agreement, the prevailing party shall be entitled to collect court costs and reasonable attorneys' fees.
- d. This agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- e. Nothing herein contained shall be deemed to create any joint venture or partnership relationship between the parties, it being the intention that an agency relationship only be created.
- f. Unless specifically provided to the contrary, all obligations to account for funds and all indemnities of both Owner and Agent shall survive any termination of this agreement howsoever caused.
- g. In the event of the invalidity under applicable law of any provisions of this agreement, the offending provisions shall be deemed stricken and this agreement shall be treated as if it had been written without such invalid provision, unless the effect of the deletion of the provision is to lessen the amount of compensation to which Agent would otherwise be entitled. In such case, Agent

shall have the option of terminating this agreement.

- h. This agreement shall be binding upon the parties and upon their successors, heirs, executors, administrators, personal representatives and assigns, provided, however, that Agent may not assign this agreement without Owner's prior written consent.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

UNIVERSITY HOTEL

By: _____

-OWNER-

HOSPITALITY SPECIALISTS, INC.

By: _____

-AGENT-