

RESOLUTION REGARDING MEMORANDUM OF INTENT
WITH McCORRY'S, INC.

WHEREAS, the City Council of the City of Urbana, Illinois, on June 3, 1974, by Resolution No. 7475-3, authorized the execution and delivery of a Memorandum of Intent between the City of Urbana and McCrory Corporation, a Delaware corporation (the "Company") providing for the issuance by said City of approximately \$500,000 principal amount of industrial development revenue bonds; and

WHEREAS, the Company has requested a revision of the Memorandum of Intent to reflect circumstances not known to the City at the time Resolution No. 7475-3 was adopted; and

WHEREAS, copies of the revised Memorandum of Intent as submitted by the Company are now before this meeting and the revisions, subject to two additional changes, are acceptable to this City Council;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Urbana, Illinois as follows:

Section 1. The Mayor is hereby authorized and directed to execute the revised Memorandum of Intent by and between the City and the Company in the form now before this meeting, and the City Clerk is hereby authorized and directed to affix the seal of the City thereto and to attest the same; and said Mayor and City Clerk are hereby authorized and directed to cause said revised Memorandum of Intent to be delivered to and executed by the Company, said Memorandum of Intent, which is hereby approved and incorporated by reference and made a part of this authorizing resolution, to be in substantially the form attached hereto as Exhibit A; provided, however, that prior to

such execution the following changes shall have been made thereto:

1. There shall be added at the end of subparagraph 1(B) the following sentence: "Notwithstanding the foregoing, issuance of said bonds is subject to prior approval by Messrs. Borge and Pitt, bond counsel to the City, of the terms and conditions of the lease, the sublease and all other instruments furnished or required to be furnished incident to delivery of the bonds".

2. Subparagraph 2(F) of the revised Memorandum of Intent shall be corrected by changing the word "convey" as it appears in the third and seventh line thereof to read "annex".

3. The words appearing on the second line of said subparagraph 3(E) reading, "as may be instituted by the City," shall be changed to read: "as may be enacted by the City".

Section 2. All resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be of immediate effect from and after its adoption.

Section 3. The Mayor shall not execute the bonds incident hereto, however, unless and until the owners of the subject parcel (or if in a land trust, the beneficial owners thereof) enter into an enforceable agreement to the effect that they shall do all legal acts to accomplish annexation within one year from the date that the Mayor of the City of Urbana, Illinois, signs the first such bond and that the said owners of the subject parcel (or if in a land trust, the beneficial owners thereof), enter into an enforceable agreement to the effect that, at the time the subject parcel is annexed it shall substantially comply with the Building Code, Fire Code, Plumbing Code and Life Safety Codes of the City of Urbana as such exist of the date hereof. The Mayor is hereby authorized to execute such an agreement on behalf of the City of Urbana.

PASSED by the City Council this 18 day of
November, 1974.

Georgia Lee Simpson
Georgia Lee Simpson, Deputy City Clerk

APPROVED by the Mayor this 27 day of November,
1974.

Hiram Paley
Hiram Paley, Mayor

THIS MEMORANDUM OF INTENT made and entered into as of the 21st day of October, 1974, by and between the CITY OF URBANA, an incorporated municipality in Champaign County, Illinois (hereinafter the "City"); MCCRORY CORPORATION, a Delaware corporation with principal offices at 360 Park Avenue South, New York, N.Y. 10010 (hereinafter "McCRORY"); and BANK OF ILLINOIS IN CHAMPAIGN, Trustee under Land Trust Agreement dated April 30, 1974 and known as Trust No. 760, with offices at 112 West Church Street, Champaign, Illinois 61820 (hereinafter "Developer").

W I T N E S S E T H :

WHEREAS, the City recognizes that it is necessary for the general welfare and economy of the public that the City endeavor to provide permanent opportunities for industrial employment; and

WHEREAS, the City is authorized under its home rule powers as implemented by an ordinance adopted May 20, 1974 (hereinafter the "Ordinance"), to construct, acquire, reconstruct, improve, better, extend, own, lease and dispose of industrial projects in order to relieve conditions of underemployment and unemployment and to encourage the increase of industry within the State of Illinois, thereby reducing the evils attendant upon underemployment and unemployment; and

WHEREAS, the City, in order to implement the public purposes enumerated in the Ordinance and in furtherance thereof

to induce McCRORY to locate a distribution facility, including all necessary land, buildings and equipment (hereinafter collectively called the "Industrial Project"), within or near the corporate limits of the City, has offered to issue its revenue bonds under and pursuant to the provisions of the Ordinance (hereinafter the "Bonds"), and to apply the proceeds therefrom to the payment of the cost of acquiring, constructing and equipping the Industrial Project, and to lease the Industrial Project to a developer for subletting to McCRORY; and

WHEREAS, McCRORY, after considering a number of possible plant locations within and outside the State of Illinois, and in reliance upon the intent of the City to acquire, construct and equip the Industrial Project and to finance the cost thereof through the issuance of Bonds under the provisions of the Ordinance, has determined to locate the Industrial Project within or near the corporate limits of the City; and

WHEREAS, in furtherance of said interest, McCRORY entered into a lease agreement on May 7, 1974 by and between the Developer as Landlord and McCRORY as Tenant (hereinafter the "Sublease"), which Sublease demised approximately three acres of land with a building to be erected thereon by Developer, upon the terms, conditions and provisions as more fully set forth in said Sublease; and

WHEREAS, it is now deemed advisable to express formally and in writing the understanding heretofore informally

agreed upon by the parties hereto;

NOW, THEREFORE, in consideration of the premises and of the mutual undertakings herein expressed, the parties hereto recognize and intend as follows:

1. The City represents as follows:

(A) That the City believes it is authorized by the provisions of the Ordinance (i) to acquire, construct, and equip the Industrial Project; and (ii) to issue its Bonds payable from the revenues and rental income derived by the City from the Industrial Project, and for the purpose of paying the cost of such acquisition, construction and equipping, including expenses incidental thereto.

(B) That the City intends, subject in all respects to the provisions and requirements of the Ordinance and to a sale of the Bonds on terms satisfactory to the City and the Developer, to use its best efforts to authorize, issue, sell and deliver its said Bonds in an approximate principal amount of \$500,000, and to apply the proceeds therefrom to the cost of acquiring, constructing and equipping the Industrial Project; provided, however, that prior to the issuance and delivery of such Bonds, there shall have been executed appropriate contracts between the Developer and the City whereby the Developer will agree to lease the Industrial Project from the City (hereinafter the "Lease"), upon such terms and conditions as will (i) comply with the provisions of the Ordinance, and

(ii) provide for the payment by the Developer of sufficient rentals so as to enable the City to pay the principal of, and interest on, such Bonds. Said Lease to the Developer will grant Developer, its assignee or designee, an option exercisable from and after the first optional redemption date of said Bonds, to purchase the Industrial Project for an amount equal to the then outstanding unpaid principal amount of said Bonds, plus interest accrued thereon and redemption premiums, if any, together with some nominal additional amount not to exceed \$100.00.

(C) That the acquisition and construction of the Industrial Project by the City is for a proper public corporate purpose, and the leasing thereof to the Developer (subject to the Sublease) is necessary to implement the public purposes enumerated in the Ordinance.

2. The Developer represents and agrees as follows:

(A) That the Industrial Project will result in increased employment and employment opportunities.

(B) That if the proposed Bonds (including the interest rate thereon) to be issued by the City are satisfactory to the Developer, it agrees to carry out its obligations under said Lease, and will use its best efforts to have MCCRORY similarly carry out its obligations under the Sublease.

3. The parties hereto further agree as follows:

(A) That the Bonds to be issued by the City shall never constitute an indebtedness of the City or a loan of the

credit thereof within the meaning of any constitutional or statutory provision, and such fact shall be plainly stated on the face of each of said Bonds. No holder of any of said Bonds shall ever have the right to compel any exercise of the taxing power of the City to pay said Bonds or the interest thereon.

The principal of, premium, if any, and interest on said Bonds shall be secured by a pledge to a trustee (acting under a mortgage and indenture of trust for the benefit of the holders of said Bonds) of the revenues and rental income derived by the City from the Industrial Project, together with a mortgage on the Industrial Project, and shall be additionally secured by a pledge to said trustee of the aforesaid lease instruments.

(B) That a primary inducement to the Developer and to McCORRY to locate in the Industrial Project within or near the City is the agreement of the City to acquire and construct the Industrial Project through the issuance of its Bonds.

(C) That it is desirable for the Developer rather than the City to arrange for the construction of the Industrial Project and the subsequent transfer thereof to the City in order to insure that the Industrial Project will conform to the requirements of McCORRY, for whose use the Industrial Project is to be designed.

(D) That this expressed intent shall be binding upon the parties hereto and upon their respective successors and assigns, provided, however, that should the Bonds not be issued and sold for any reason whatsoever, that then and in such event,

none of the parties hereto shall be liable to any other party, person or entity whatsoever, except that the Sublease shall remain in full force and effect.

(E) MCCRORY hereby agrees to conform to such "affirmative action program" as may be instituted by the City to achieve equal opportunity for all citizens regardless of race, color, creed, national origin, sex or age with respect to employment practices and policies.

(F) The parties hereto intend to perform all acts necessary, and to enter into all such agreements, which may be required to convey the Industrial Project to the City and to do so within a reasonable time after the Bonds are issued and sold, which in any event shall be within one year after said sale. The Developer agrees that at the time when the Bonds are issued, its obligation so to convey the Industrial Project shall become a legal obligation enforceable in a court of law.

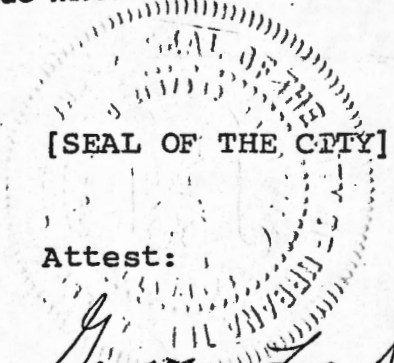
4. That this expressed intent may be executed in separate counterparts, all of which shall be deemed a single instrument.

IN WITNESS WHEREOF, the CITY OF URBANA, acting by and through its City Council, has caused its corporate name to be hereunto subscribed by the HONORABLE HIRAM PALEY, its duly authorized Mayor, and attested under its official seal by DUANE ECKERTY, its City Clerk; MCCRORY CORPORATION has caused

its corporate name to be hereunto subscribed by its duly authorized President and attested under its corporate seal by its Assistant Secretary; and the BANK OF ILLINOIS IN CHAMPAIGN has hereunto subscribed its name by an authorized trust officer and attested to by its Secretary, all being done as of the year and date first above written.

Exoneration provision restricting any liability of the Bank of Illinois in Champaign, stamped on the reverse side hereof is hereby expressed made a part hereof.

CITY OF URBANA
By *Frank Paley*
Mayor



Attest:
George Lee Simpson
Deputy City Clerk

MCCRORY CORPORATION
By *Walter Munsberg*
President

[SEAL OF THE COMPANY]
Attest:
[Signature]
Assistant Secretary

BANK OF ILLINOIS IN CHAMPAIGN
By *John H Elder*
Trust Officer

[SEAL]
Attest:
[Signature]
Secretary

STATE OF ILLINOIS)
COUNTY OF) ss.:

On the ^{November} 27 day of ~~October~~, 1974, before me personally came MAYOR HIRAM PALEY, to me known, who, being by me duly sworn, did depose and say that he resides at 706 W. California, Urbana, Illinois; that he is the Mayor of the City of Urbana, Illinois, the incorporated municipality described in, and which executed, the foregoing instrument; that he knows the seal of said municipality; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the City Council of said municipality; and that he signed his name thereto by like order.

Mabel Bouyerie
Notary Public



STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

On the 21st day of October, 1974, before me personally came STANLEY H. KUNSBERG, to me known, who, being by me duly sworn, did depose and say that he resides at 95 Catherine Road, Scarsdale, N.Y.; that he is the President of MCCRORY CORPORATION, the corporation described in, and which executed, the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Raymond S. Harris
Notary Public

RAYMOND S. HARRIS
Notary Public, State of New York
No. 30-6783900
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1976

STATE OF ILLINOIS)
COUNTY OF CHAMPAIGN ss.:

On the 29th day of ~~October~~ ^{November}, 1974, before me personally came
John H. Elder, to me known, who, being by me duly
sworn, did depose and say that he resides at Champaign, Illinois
; that he is a Trust Officer of
BANK OF ILLINOIS IN CHAMPAIGN, the corporation described
in, and which executed, the foregoing instrument; that he knows
the seal of said corporation ; that the seal
affixed to said instrument is such corporate seal; that it was
affixed by order of the secretary of said
corporation ; and that he signed his name there-
to by like order.

Margaret Fletcher
Notary Public