



## AGENDA

*Village of Hoffman Estates  
Special Meeting  
Village Board of Trustees*

Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, IL 60169  
847/882-9100

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Board Room

December 16, 2009

7:30 p.m.

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1. **CALL TO ORDER/ROLL CALL**
  
2. **ADDITIONAL BUSINESS** (*All other new business; those items not recommended by a majority of the Committee*)
  - A. Request Board approval of a deed in lieu of foreclosure agreement between MadKatStep and the Village of Hoffman Estates for the Sears Centre Arena.
  
  - B. Request Board approval of an interim agreement with Global Spectrum of Philadelphia, PA, for management services at the Sears Centre Arena and provide funding of \$420,000 for January 2010 cash flow.
  
  - C. Request Board authorization for the Village to pay off a lease/purchase agreement with M&I Bank, Milwaukee, Wisconsin, for Sears Centre Arena furniture, fixtures, and equipment in an amount of \$2,090,756.85.
  
  - D. Request Board authorization to extend a contract for consulting services related to the Sears Centre Arena to International Facilities Group, Inc., Chicago, IL, in an amount not to exceed \$175,000.
  
3. **ADJOURNMENT**

**COMMITTEE AGENDA ITEM**  
**VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** Request approval of a deed in lieu of foreclosure agreement between MadKatStep and the Village of Hoffman Estates for the Sears Centre Arena

**MEETING DATE:** December 16, 2009

**COMMITTEE:** Special Village Board

**FROM:** Arthur Janura/Mark Koplin *MJK*

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**REQUEST:** Request approval of a deed in lieu of foreclosure agreement between MadKatStep and the Village of Hoffman Estates for the Sears Centre Arena.

**BACKGROUND:** In May 2009, MadKatStep informed the Village that they would be walking away from the Sears Centre and their investment in the Sears Centre. They originally proposed to simply hand over the operation and title to the Sears Centre to the Village for us to assume all the contracts, all the loans, property taxes due in 2009, and many other obligations. If the Village was unwilling to accept those obligations, MadKatStep would still walk away and the building would "go dark". After many meetings and discussions, MadKatStep's proposal evolved into a consent foreclosure, then a specific performance foreclosure, and finally a deed in lieu of foreclosure legal process for conveying title of the building to the Village.

MadKatStep is comprised of two partners, Ryan Hoffman and Sears, Roebuck and Co. Sears is willing to participate in the proposed deed in lieu of foreclosure agreement as a partner of MadKatStep, but not separately as Sears, Roebuck and Co. In addition to MadKatStep, CCO (as operator) and Ryan US (as guarantor of the debt service payments) is party to the deed in lieu of foreclosure agreement.

**DISCUSSION:** A copy of the deed in lieu of foreclosure agreement is attached to this agenda item. This draft is slightly different than the version previously provided to the Village Board for review. Under the terms of this agreement, the Village would get title to the Sears Centre building and thus become the property owner. The parties release each other from claims related to the Sears Centre and all obligations under the Redevelopment Financing Agreement are released, with the exception of four year debt service guarantee, which is specifically addressed in this agreement. Since Ryan US is a party to the agreement, Ryan US reaffirms its guarantee of payment of the 2010 debt service, although payment will consist of a single lump sum payment in early March 2010, as opposed to seven equal payments beginning October 1, 2009 and ending April 1, 2010. The parties agree that the deed in lieu process will avoid costly and lengthy litigation, and is the most expeditious way to transfer the property.

**DISCUSSION:** (Continued)

MadKatStep and CCO agree to cooperate with the transition to the new operator and with the Village's consultant during the interim period. This has been ongoing and will continue through the end of 2009.

MadKatStep will pay 100% of the 2008 tax levy (for taxes due in 2009) and the property taxes due in 2009 are attributable to January through September (approximately 75%). The Village will pay the remaining amount due in fall 2010. MadKatStep will also pay \$600,000 to be used by the Village for the M&I lease/purchase agreement. The M&I lease/purchase agreement provides \$3.3 million of furniture, fixture, and equipment (FF&E) necessary for operating events at the Arena, with the Village getting this equipment for less than \$.50 on the dollar. The balance on the loan is approximately \$2.1 million, with the Village paying around \$1.93 million. MadKatStep has also purchased additional FF&E worth \$300,000 or more that they will leave in the building. Obviously, the FF&E purchase through the Village's bonds also remains in the building, as does the ribbon board and the marquee sign, which were funded through a separate loan which is now paid off.

MadKatStep will walk away from all of their funds invested in the original building, the cumulative operating deficits, subsequent improvements (such as the parking lot upgrades and upgrades to the interior of the building), as well as the ribbon board and marquee sign. With this agreement, MadKatStep will assign the revenue contracts to the Village, with MadKatStep getting the prorated revenue through the end of 2009. They will also assign the Sears naming rights contract to the Village and that will continue through its 10 year term (2015).

The Village has asked that certain service contracts be assigned to the Village and our new operator, but most will be terminated to allow the new operator to start with a clean slate. Those service contracts to be assigned are either linked to a revenue contract (such as a suite purchase) or are critical to keep in place (such as the website maintenance contract).

MadKatStep transfers all rights, approvals, permits, and intellectual property, the website, etc. to the Village. They also will release any obligations for the Village to use the Village Reserve Fund. Finally, MadKatStep agrees to coordinate post December 31, 2009, events with regard to ticket sales, marketing, etc. These efforts have been ongoing since the fall and their cooperation has been helpful.

**RECOMMENDATION:**

Recommend approval of a deed in lieu of foreclosure agreement between MadKatStep and the Village of Hoffman Estates for the Sears Centre Arena.

Attachment

SETTLEMENT, RELEASE AND DEED IN LIEU OF FORECLOSURE AGREEMENT  
BETWEEN THE VILLAGE OF HOFFMAN ESTATES, ILLINOIS, AND MADKATSTEP  
ENTERTAINMENT LLC, RYAN HOFFMAN ESTATES, LLC, RYAN COMPANIES US,  
INC., AND CCO ENTERTAINMENT, LLC

This Settlement, Release and Deed in Lieu Agreement (Agreement) is entered into this \_\_\_ day of November, 2009, by and between The Village of Hoffman Estates, Illinois, an Illinois municipal corporation (the "Village"), MadKatStep Entertainment LLC, a Delaware limited liability company ("MadKatStep"), and its sole members, Ryan Hoffman Estates, LLC, a Minnesota limited liability company ("Ryan Hoffman"), Ryan Companies US, Inc., a Minnesota corporation ("Ryan US"), and CCO Entertainment, LLC, a Delaware limited liability company ("CCO").

**RECITALS**

A. On or about July 21, 2005, the Village and MadKatStep entered into a certain Development Agreement ("Development Agreement"), which proposed that MadKatStep develop and construct an arena, which later became known as the "Sears Centre Arena."

B. On or about July 21, 2005, the Village and MadKatStep entered into a Redevelopment Financing Agreement ("RFA"), which provided, *inter alia*, for the rights, duties and obligations of the Village and MadKatStep, relative to the Village providing construction financing to MadKatStep to allow the construction, development and operation of the Sears Centre Arena, through the Village's issuance of taxable general obligation bonds (as hereinafter defined).

C. On or about August 1, 2005, the Village issued certain general obligation bonds, taxable Series 2005A, in the amount of \$54,935,000 ("Bonds") for the purpose of financing the development, construction and operation of the Sears Centre Arena.

D. Pursuant to the RFA, on or about October 18, 2006, a Debt Service Note and Financing Fee Note of MadKatStep to the Village were executed and thereafter delivered to the Village ("Notes").

E. On or about October 18, 2006, MadKatStep executed a Mortgage for the Sears Centre Arena and the property on which it was to be located, which was delivered to the Village, and recorded by the Cook County, Illinois Recorder of Deeds, as Document No. 0632544074, on November 21, 2006 ("Mortgage"). The mortgaged real property is described as:

LOTS 4A5G2 AND 4A5E IN THE FINAL PLAT OF RESUBDIVISION OF LOTS 4A5E AND 4A5G, BEING A SUBDIVISION OF PART OF THE SOUTHEAST ¼ OF SECTION 31, THE SOUTHWEST ¼ OF SECTION 32, TOWNSHIP 42 NORTH, AND SECTION 4, TOWNSHIP 41 NORTH, BOTH IN RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 31, 2005 AS DOCUMENT 0524339042, IN COOK COUNTY, ILLINOIS.

Commonly known as: Sears Centre Arena, 5333 Prairie Stone Parkway, Hoffman Estates, Illinois (the "Property").

F. On or about October 18, 2006, MadKatStep executed and delivered an Assignment of Rents and Leases to the Village, which was recorded on November 21, 2006, by the Cook County, Illinois Recorder of Deeds, as Document No. 0632544075 ("Assignment of Rents and Leases").

G. Pursuant to the RFA, Ryan US executed and delivered to the Village a certain Debt Service Guarantee ("Debt Service Guarantee") to guarantee certain MadKatStep obligations relative to a fixed debt service amounts under the Bonds.

H. On October 23, 2006, the Village filed its Financing Statements with the Illinois Secretary of State, which was recorded on October 23, 2006, by the Recorder of Deeds for Cook County, Illinois, as Document No. 0629644068 ("UCC Financing Statement") (the Note, the Mortgage, the Assignment of Rents and Leases, the Debt Service Guarantee, the UCC Financing Statement and any other documents in any way relating to or for the evidencing the financing provided for under the RFA by the Village are collectively referred to herein as the "Financing Documents").

I. On October 10, 2006, MadKatStep entered into a Master Lease of Personal Property with M&I Equipment Finance Company for the lease of certain personal property for use at the Sears Centre Arena. Pursuant to the Master Lease, on December 7, 2006, M&I recorded a Financing Statement with the Cook County, Illinois Recorder of Deeds, as Document No. 0634155224, which was amended on June 16, 2008, as Document No. 0816845132.

J. As provided for under the RFA, on or about January 10, 2005, MadKatStep and CCO entered into a Pre-Opening Services and Management Agreement ("Management Agreement"), providing for CCO to manage the day-to-day operations of the Sears Centre Arena, which was operated, from time to time, under the assumed name of "Sears Centre" and/or "Sears Centre Arena."

K. On September 18, 2009, the Village filed its Verified Complaint for Foreclosure of Mortgage and Other Relief, Complaint 09 CH 34392, against MadKatStep Entertainment, LLC, CCO Entertainment, LLC, Sears Centre Arena, M&I Equipment Finance Company, Levy Premium Foodservice Limited Partnership, Sears Business Park Property Owners Association, Chicago Spotlight, Athletica, Frank Zamboni & Company, Amcore Bank, Unknown Owners, And Non-Record Claimants (the "Mortgage Foreclosure Matter").

L. MadKatStep acknowledges and represents to the Village, upon which representations the Village has relied in entering into and performing this Agreement, that:

- (1) a material default under the RFA and the Financing Documents has occurred by reason of the failure of MadKatStep to pay the installments of interest and principal due and owing to the Village pursuant to the terms and conditions of the RFA and the Financing Documents;
- (2) There are presently outstanding principal balance, late charges, and accrued interest due to the Village as of the date hereof, which sums, together with all other costs, charges and fees, including attorneys' fees and advances, are secured by the RFA and the Financing Documents and are herein collectively referred to as the "Mortgage Debt";
- (3) the Mortgage Debt is justly due, owing, and delinquent, and there is no offset, defense, or counterclaim that MadKatStep has or could sustain in

connection therewith;

- (4) the Village has demanded that MadKatStep pay the Mortgage Debt, but MadKatStep has failed and refused to do so;
- (5) the Village has the immediate right to pursue all of its rights and remedies pursuant to the RFA and the Financing Documents; and
- (6) the fair market value of the Property is not greater than the Mortgage Debt.

M. MadKatStep has requested that, in view of the lack of equity in the Property and to avoid further time-consuming, expensive, and needless litigation, the Village accept a settlement, pursuant to which the Property would be transferred to the Village by MadKatStep and MadKatStep and its members would be released from any personal liability for a money or deficiency judgment upon the RFA and the Financing Documents, and the Village is willing to accept such a settlement, but only upon the terms and conditions hereinafter set forth.

N. MadKatStep acknowledges that transfer of the Property to the Village and a release from further obligations under the RFA and the Financing Documents are of direct and substantial benefit to MadKatStep and constitute fair and adequate consideration for MadKatStep's entry into this transaction. The Village acknowledges that transfer of the Property to it, including all rights of equitable and statutory redemption, without the necessity of litigation, is of direct and substantial benefit to it and is fair and adequate consideration for the Village's entry into this transaction.



MadKatStep and the Village acknowledge and agree that the transfer of the Property is for reasonably equivalent value.

## **TERMS AND CONDITIONS**

### **1. Recitals.**

The recitals set forth above are true and correct and are incorporated into this Agreement by this reference as if they were fully set forth herein.

### **2. Claims.**

The term "Claims" as used in Section 3 and 4 and otherwise herein means all claims, demands, actions, causes of action, damages, injuries, personal injuries, breach of any duty of good faith and fair dealings, lender liability, unauthorized signatures, breach of contract, mechanic's liens, mechanic's lien claims, threats, slander, libel, damage to credit, credit reporting, interference with actual or prospective business or financial opportunities or advantages, deception, inducement, exploitation, misrepresentations, omissions of material facts, suits, debts, liabilities, sums of money, breach of contract, accounts, covenants, controversies, agreements, promises, variances, trespasses, judgments, costs, attorneys' fees, executions and demands whatsoever, whether in law or equity, whether direct, indirect or derivative, known or unknown, absolute, matured, contingent, liquidated or unliquidated, in tort, contract, statutory, rule, regulation or otherwise and whether now existing or hereafter accruing or arising from the beginning of the world to hereafter arising out of or in any way relating to the Bonds, Financing Documents, Mortgage Foreclosure Matter, the Property, any and all related agreements and, generally, the development, construction and operation

of the Sears Centre Arena, together with any claim asserted, or which might have been asserted, or which could have been asserted, arising from or based upon any or all of the facts, documents, matters or subjects referred to herein or related in any way thereto, but specifically excluding any breaches under this Agreement and any claim, demands, or damages resulting from or arising out of the Levy Management Agreement dated April 24, 2006.

**3. Release and Discharge of the Village of Hoffman Estates, Illinois.**

For the consideration of (1) the Village's agreement to accept a Deed in Lieu of Foreclosure (as hereinafter defined) from MadKatStep, which shall be authorized by Ryan Hoffman and Sears, Roebuck and Co. ("Sears"), the sole members of MadKatStep, and to waive any deficiency judgment against MadKatStep in the Mortgage Foreclosure Matter, or under the Financing Documents, all of which are described above; and (2) such other and further valuable consideration described in this Agreement, MadKatStep, Ryan Hoffman, Ryan US, and CCO for themselves, their officers, representatives, employees, members (but solely in their capacity as members), subsidiaries, affiliates (but solely in their capacity as affiliates), successors, attorneys, assigns or any third parties claiming under them ("MadKatStep Releasing Parties") hereby fully release and forever discharge the Village, its present and former elected and appointed officials, staff, officers, representatives, employees, attorneys, insurers, agents, representatives, and assigns ("Village Indemnified Parties"), from any and all Claims against any and all of them which the MadKatStep Releasing Parties have, had, or may have in the future of any kind or nature whatsoever, whether direct,

indirect or derivative, known or unknown, asserted or not asserted, absolute, matured, contingent, liquidated or unliquidated, whether now existing or hereafter accruing or arising, whether in contract, tort, statutory, rule or regulation from the beginning of the world to hereafter. It is the express intention of the MadKatStep Releasing Parties that this Agreement is intended to be, and shall be deemed, a release extinguishing all of the Claims of the MadKatStep Releasing Parties against the Village Indemnified Parties, specifically including: (i) Claims which, as of the date of this Agreement and hereafter, are known to any or all of the MadKatStep Releasing Parties; (ii) Claims which, as of the date of this Agreement and hereafter, are unknown to any or all of the MadKatStep Releasing Parties, but which could have been or could be discovered by the exercise of reasonable diligence or through reasonable inquiries; (iii) Claims which, as of the date of this Agreement and hereafter, are unknown to any or all of the MadKatStep Releasing Parties and which could not be discovered whether by exercise of reasonable diligence or upon reasonable investigation or otherwise; and (iv) Claims which do not exist as of the date of this Agreement and hereafter, but which arise, or may arise, at any time in the future based on any act, omission, event, fact, circumstance or occurrence, misfeasance, malfeasance or nonfeasance, occurring or failing to occur at any time from the beginning of the world to hereafter. It is expressly understood that the express agreement of the MadKatStep Releasing Parties to release and discharge any and all Claims, whether known or unknown and whether in existence as of the date of the execution of this Agreement and hereafter or arising at any time thereafter based on any act, omission, event, fact, circumstance or occurrence, misfeasance, malfeasance or

nonfeasance, occurring or failing to occur at any time from the beginning of the world to the date of this Agreement and hereafter is an essential term of, and consideration for, the promises, representations, and undertakings set forth in this Agreement.

**4. Release and Discharge of MadKatStep, Ryan Hoffman, Ryan US, and CCO.**

For the consideration of (1) MadKatStep and all of its members' authorization to provide the Deed in Lieu of Foreclosure (as hereinafter defined); (2) the various Parties' agreement to assist in the transition of the ownership and operation of the Sears Centre Arena to the Village, as described below; (3) Ryan US's agreement to guarantee payment by MadKatStep of the second installment of 2008 real estate taxes payable upon recording of the Deed in Lieu of Foreclosure and that portion of the 2009 real estate taxes for the period January 1, 2009 through September 30, 2009, inclusive, which are payable in 2010; (4) Ryan US's agreement to affirm and pay the remaining sums that are due by the MadKatStep Debt Service Guaranty in the amount of \$2,900,000.00 by March 5, 2010; (5) Ryan US's agreement to pay \$600,000 (net as described below) to the Village for the M&I indebtedness; and (6) such other and further valuable consideration described in this Agreement, the Village, its elected and appointed officials, staff, officers, representatives, employees, attorneys, insurers, agents, and assigns, and any third parties claiming under them ("Village Releasing Parties") hereby fully release and forever discharge MadKatStep, Ryan Hoffman, Ryan US, and CCO, their predecessors in interest, parent corporations, present and former officers, directors, representatives, employees, members (but solely in their capacity as members), managers, subsidiaries, affiliates (but solely in their capacity as affiliates),

shareholders, successors, attorneys, insurers, agents, representatives, and assigns (“MadKatStep Indemnified Parties”), from any and all Claims against any and all of them which the Village Releasing Parties have, had, or may have in the future of any kind or nature whatsoever, whether direct, indirect or derivative, known or unknown, asserted or not asserted, absolute, matured, contingent, liquidated or unliquidated, whether now existing or hereafter accruing or arising, whether in contract, tort, statutory, rule or regulation from the beginning of the world to hereafter. It is the express intention of the Village Releasing Parties that this Agreement is intended to be, and shall be deemed, a release extinguishing all of the Claims of the Village Releasing Parties against the MadKatStep Indemnified Parties, specifically including: (i) Claims which, as of the date of this Agreement and hereafter, are known to any or all of the Village Releasing Parties; (ii) Claims which, as of the date of this Agreement and hereafter, are unknown to any or all of the Village Releasing Parties, but which could have been or could be discovered by the exercise of reasonable diligence or through reasonable inquiries; (iii) Claims which, as of the date of this Agreement and hereafter, are unknown to any or all of the Village Releasing Parties and which could not be discovered whether by exercise of reasonable diligence or upon reasonable investigation or otherwise; and (iv) Claims which do not exist as of the date of this Agreement and hereafter, but which arise, or may arise, at any time in the future based on any act, omission, event, fact, circumstance or occurrence, misfeasance, malfeasance or nonfeasance, occurring or failing to occur at any time from the beginning of the world to hereafter. It is expressly understood that the express agreement of the Village Releasing Parties to release and

discharge any and all Claims, whether known or unknown and whether in existence as of the date of the execution of this Agreement and hereafter or arising at any time thereafter based on any act, omission, event, fact, circumstance or occurrence, misfeasance, malfeasance or nonfeasance, occurring or failing to occur at any time from the beginning of the world to the date of this Agreement and hereafter is an essential term of, and consideration for, the promises, representations, and undertakings set forth in this Agreement.

**5. Agreement for Deed in Lieu of Foreclosure.**

The Village shall accept the conveyance by the Deed in Lieu of Foreclosure of the Property pursuant to this Agreement to avoid the necessity of litigation, foreclosure, and the delays associated therewith, and the Village acknowledges that the provisions of this Agreement directly benefit the Village in this regard. In addition, as additional consideration for the Village's acceptance of a Deed in Lieu of Foreclosure, MadKatStep and CCO have agreed to cooperate with the Village in the transitional operation of the Sears Centre Arena to and until no later than December 31, 2009. MadKatStep, as authorized by its sole members Ryan Hoffman and Sears agree to conclude the Mortgage Foreclosure Matter by way of a "Deed in Lieu of Foreclosure," as provided in 735 ILCS 5/15-1401, as follows:

a. By providing the following documents, each in form and substance reasonably satisfactory to and approved by the parties executing them (collectively, the "Transfer Documents").

(i) MadKatStep shall execute a recordable "Deed in Lieu of Foreclosure" for the recording of same with the Cook County Recorder of Deeds. The Deed in Lieu of Foreclosure shall be in substantially the form of the quitclaim deed attached to this Agreement as Exhibit A.

(ii) By quitclaim bill of sale and assignment of intangibles (the "Quitclaim Bill of Sale and Assignment of Intangibles") in the form attached hereto as Exhibit B, the bill of sale shall include all of MadKatStep's rights, title and interest in and to (A) the personal property attached to or located on the Property or in the improvements located thereon, or used or acquired for installation or use in the operation, maintenance or protection of the Property, wherever located, including but not limited to all furniture, fixtures, equipment and inventory that it may own but specifically excluding those items of personal property, furniture, fixtures, equipment and inventory it may lease or otherwise be owned by third parties; (B) to the extent assignable and expressly assumed by the Village, contracts or other arrangements to acquire personal property for installation or use in connection with the Property; and (C) leases of personal property for installation or use in connection with the Property (the items in subparagraphs (A)-(C) above are sometimes collectively referred to herein as "Personal Property"). The Quitclaim Bill of Sale and Assignment of Intangibles shall include all of MadKatStep and CCO's right, title and interest in and to any intangible property used or useful in connection with the Property and/or the Personal Property, including but not limited to any and all (D) goodwill; (E)

supplier invoices; (F) marketing and advertising materials; (G) guarantees and warranties; (H) assignable utility contracts; (I) surveys; blueprints; plans and specifications; (J) assignable licenses and other governmental permits and permissions relating to the Property and the operation, maintenance and protection thereof; (K) all assignable rights under agreements with architects; engineers and surveyors, if any; (L) books; records and other accounting and bookkeeping materials; (M) utility deposits, escrow accounts, operating accounts, accounts receivable (other than those deposits, accounts and receivables accruing and relating to events prior to January 1, 2010, and inter-companies accounts receivable and claims or demands owing from or to MadKatStep and its members, and/or any affiliates of any of the foregoing parties) and any other bank accounts or deposits related to the operation of the Property for operations of the Sears Centre Arena after January 1, 2010 (hereinafter defined), including, *inter alia*, the Village Reserve Fund held by the Village (as defined in the RFA); and (N) all governmental awards, credits, refunds and rebates of any kind resulting solely from the operation of the Property after January 1, 2010, including without limitation, zoning credits, payments, credits, refunds or rebates under environmental laws or otherwise related to environmental matters, impact fee credits and condemnation awards and proceeds, but expressly excluding, without limitation, MadKatStep shall be entitled to any such award, credit or refund resulting from operations prior to January 1, 2010 (the items in clauses (D)-(N) above are sometimes collectively referred to herein as "Intangibles").



(iii) MadKatStep shall execute a GAP Undertaking;

(iv) Village and MadKatStep shall execute an exempt State, County and municipal Real Estate Transfer Tax Declarations including grantor/grantee affidavit; and

(v) MadKatStep shall execute an Affidavit satisfying the requirements of Section 1445 of the Internal Revenue Code and the applicable I.R.S. regulations; and

(vi) MadKatStep and CCO shall execute an Assignment of all right, title and interest in and to all service, supply and maintenance contracts, and equipment leases or contracts that the Village wishes to assume, pursuant to paragraph 5 below, as listed on Exhibit C, attached hereto (the "Contracts").

(vii) MadKatStep and CCO shall execute an Assignment of all right, title and interest in any and all revenue agreements with respect to all or any part of the Property that the Village wishes to assume, pursuant to paragraph 6 below, as shown on Exhibit D ("Revenue Agreements").

(viii) MadKatStep shall execute a transfer to the Village of all of MadKatStep's rights and duties under the Naming Rights Agreement dated July 21, 2005, with Sears ("Naming Rights Agreement") for the Sears Centre Arena. The Village accepts such rights and assumes such duties. MadKatStep warrants that it has obtained Sears' consent to such transfer. Other than the transfer of rights and duties and notwithstanding anything to the contrary herein, the Naming Rights Agreement shall continue in full force and effect.

b. MadKatStep acknowledges and agrees that (i) the Deed in Lieu of Foreclosure conveyance to the Village of the Property, according to the terms of this Agreement, is given voluntarily and is an absolute conveyance of all of MadKatStep's right, title and interest in and to the Property, in fact as well as form, and is not intended as a mortgage, trust conveyance, deed of trust or security instrument of any kind; and (ii) the consideration for such conveyance is exactly as recited herein and MadKatStep has no further interest or claims of any kind (including but not limited to homestead rights and rights of redemption) in or to any portion of the Property or under the Financing Documents.

c. The Parties hereto acknowledge and agree that this Agreement and the Transfer Documents shall not cancel or release the Mortgage and UCC Financing Statement, which shall remain in full force and effect (subject to the express terms of this Agreement) after the transactions contemplated by this Agreement have been consummated. The parties hereto further acknowledge and agree that the interest of the Village in the Property under the Deed in Lieu of Foreclosure conveyance provided for in this Agreement shall not merge with the interest of the Village in the Property under the Mortgage and UCC Financing Statement. Except as provided for herein, it is the express intention of each of the parties hereto (and all of the conveyances provided for in this Agreement shall so recite) that such interest of the Village in the Property shall not merge, but shall be and remain at all times separate and distinct, notwithstanding any union of said interest in the Village at any time by purchase, termination or otherwise, and that the liens and security interests of the Village in the Property created

by the Mortgage and UCC Financing Statement shall be and remain at all times valid and continuous liens and security interests in the Property. Further, it is agreed and acknowledged that this Agreement neither is intended to nor creates any successor in interest or successor liability on the part of the Village.

d. Notwithstanding any insolvency, bankruptcy or reorganization proceedings or other proceedings similar to the foregoing which may be instituted in any state or federal court or other tribunal, by or against MadKatStep, the releases, guaranties, representations, warranties and agreements between/by the parties hereunder shall remain in full force and effect and shall not be deemed voided by any such insolvency proceedings.

e. Modified Covenant Not To Sue. The Village Releasing Parties (as defined in paragraph 4 of this Agreement) do hereby forever covenant not to sue the MadKatStep Indemnified Parties (as defined in paragraph 4 of this Agreement) regardless of whether such suit would be in law or in equity or otherwise, on, in connection with, or otherwise with respect to, the Claims, the RFA and Financing Documents; PROVIDED, HOWEVER, that the indebtedness evidenced by the RFA and Financing Documents is not cancelled, discharged, or deemed paid hereby and the Village hereby reserves all of its rights under the Financing Documents and applicable law or in equity in, to, and against the collateral described therein (including, without limitations, the Property) securing payment of such indebtedness, and the Village may continue or commence any action (including, without limitation, a judicial or non-judicial foreclosure action) it believes to be necessary or advisable in connection with the

protection or enforcement of its rights in and to such collateral and may join or maintain the MadKatStep Indemnified Parties as parties thereto for such purpose (although the Village covenants not to enforce any in personam judgment obtained against the MadKatStep Indemnified Parties in any such action). This Covenant Not To Sue shall not affect the respective obligations of the MadKatStep Indemnified Parties to the Village under this Agreement and the other documents executed pursuant hereto, nor shall this Covenant Not To Sue limit the effectiveness of any releases given under this Agreement by the Village Releasing Parties to the MadKatStep Indemnified Parties.

f. MadKatStep represents and warrants as follows:

(i) It has the right and authority to enter into this Agreement and to deliver the Transfer Documents and all other documents as contemplated hereby. The individuals executing this Agreement on behalf of MadKatStep and its members have the power and authority to bind such to the terms and conditions hereof.

(ii) Except with respect to the Financing Documents and those matters disclosed by the Village's examination of the title and due diligence for the foreclosure of the Sears Centre Arena, MadKatStep has not knowingly or intentionally contracted to sell, transferred, sold, conveyed, mortgaged, pledged, hypothecated or otherwise encumbered the Property, or any part thereof.

(iii) No proceedings in bankruptcy have ever been knowingly or intentionally instituted by MadKatStep in any court or before any officer of the

States of Illinois, Delaware or Minnesota or of the United States, nor has MadKatStep at any time, made any assignment for the benefit of creditors.

(iv) The transfer of the Property pursuant to this Agreement is not made for the purpose of defrauding creditors or avoiding the payment of any just debt.

(v) MadKatStep agrees that the consideration for the conveyance, transfer and assignment in order of all of its legal and equitable right, title and interest in the Property, Personal Property, and Intangibles to the Village is fair, just and equitable.

g. The Village agrees that by acceptance of the Deed in Lieu of Foreclosure it waives any right to demand, sue, collect or otherwise in any manner receive payment or the performance of any obligations secured by the Notes, Mortgage and/or Financing Documents, including guarantors of such indebtedness or obligations, except as provided for in this Agreement. The Village further agrees that, upon recordation of the Deed, delivery of the Transfer Documents and satisfaction of all other conditions precedent contained in this Agreement, MadKatStep, and any guarantors shall be relieved of their obligations under the Financing Documents, including but not limited to cancellation and delivering to MadKatStep of the Notes and delivering to Ryan US the Debt Service Guarantee referenced in this Agreement.

**6. Contracts for Services and/or Material for the Sears Centre Arena.**

a. MadKatStep and/or CCO agree to assign and the Village agrees to accept assignment of the Contracts contained in Exhibit C. All other contracts at the Property will not be assumed or transferred to the Village.

b. In the case of any such assignment of Contracts, assumed by the Village in writing at the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, neither MadKatStep nor CCO will be obligated or liable for performance under any such Contracts after December 31, 2009, and it is expressly agreed that the Village does not accept nor will it assume any liability under such assigned Contracts for obligations or liabilities arising prior to such assignments.

c. The Parties agree to cause all utilities to be transferred into the name of the Village, or its operator, as directed by the Village, as of the date of the transfer of management to the Village's selected operator unless otherwise agreed, but in no event later than December 31, 2009. The Village will have no obligation for any outstanding balance for utility service provided up to the date of such cancellation or reassignment, which balances shall be the sole responsibility of MadKatStep and/or CCO.

**7. Revenue Contracts for the Sears Centre Arena.**

a. Attached hereto as Exhibit D is the list of Revenue Agreements regarding use of the Sears Centre Arena, including but not limited to suite, loge, seat, sponsorship, naming, and advertising. MadKatStep agrees to assign and the Village agrees to assume all Revenue Agreements listed in Exhibit D except \_\_\_\_\_.

b. MadKatStep and CCO will assign at the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents all right, title and interest under the Naming Rights Agreement to the Village, in accordance with the provisions of Section 5(a)(viii) of this Agreement.

c. In the case of any Revenue Agreement, assumed by the Village in writing at the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, neither MadKatStep nor CCO will be obligated or liable for performance under any such assumed Revenue Agreement after December 31, 2009, and it is expressly agreed that the Village does not accept or will not assume any liability under such assigned contract for obligations or liabilities arising prior to such assignment. MadKatStep and/or CCO will prorate net revenue as of December 31, 2009 and Village will be entitled to all revenue received after January 1, 2010.

**8. No Third Party Beneficiary.**

MadKatStep and/or CCO acknowledge and agree that the acceptance by the Village of title to the Property, pursuant to the terms of this Agreement, and the assignment to the Village of various Contracts and Revenue Agreements, as provided herein, pertaining to the Property and/or the operation of the Sears Centre Arena shall not create any obligations on the part of the Village to third parties which have claims of any kind whatsoever against MadKatStep and/or CCO with respect to the Property and/or the operation of the Sears Centre Arena and the Village does not assume or agree to discharge any liabilities pertaining to the Property and/or the operation of the Sears Centre Arena which occurred prior to the date of the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, except as otherwise expressly provided in this Agreement. Notwithstanding the foregoing, the parties agree that Sears is a third party beneficiary of the Village's assumption of MadKatStep's duties under the Naming Rights Agreement.

**9. Shared Parking Agreements.**

MadKatStep agrees to assign or cause to be assigned to the Village any and all shared parking, access, easement, and other agreements, to the extent such exist and are assignable, that benefit the Sears Centre Arena and the Property subject to the Mortgage.

**10. Off-Site Arena Sign.**

MadKatStep represents that it constructed and has fully paid for the off-site marquee sign ("Sign"), adjacent to the Illinois Tollway, which is located on a parcel of land owned by Sears ("Sign Parcel") and is located on such Sign Parcel without any representation or warranty as to the express or implicit permission of Sears. Without representation or warranty, MadKatStep agrees to assign any and all rights it may possess to use that land for the sign and for access to the sign to the Village.

**11. Furniture, Fixtures, and Equipment.**

MadKatStep and CCO agree that all furniture, fixtures, and equipment owned by either MadKatStep and/or CCO located in or on the Sears Centre Arena as listed on Exhibit E, attached hereto and made a part hereof, but specifically excluding personal items or those items to be returned to third parties by termination of lease agreements not otherwise assumed by the Village, shall be conveyed to the Village at the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, as part of the Quitclaim Bill of Sale and Assignment of Intangibles. Such conveyed furniture, fixtures, and equipment shall be free and clear of all liens and other encumbrances, except for property subject to the M & I Lease or assumed lease



agreements, and in substantially the same condition, excepting normal wear and tear, as on the date of the inventory, without representation as to warranty of condition or fitness for intended use. On or before the recording of the Deed in Lieu of Foreclosure, MadKatStep shall pay off the First Premier Capital Lease for the football field.

**12. M&I Equipment Finance Company Lease. (Pending Final Review)**

a. MadKatStep represents that as of October 1, 2009 MadKatStep is current with all payments owing to M&I Equipment Finance under the M&I Master Lease and that the remaining principal balance owing under the M&I Master Lease as of October 1, 2009, was \$2,116,247.62.

b. Upon assumption by the Village and acceptance by M&I of the assignment of the M&I Lease or the payoff of the total due thereunder, MadKatStep and/or Ryan US, jointly and severally, will pay a total of \$600,000 net of any payments made toward the M & I Lease after October 1, 2009 and made toward the First Premier Capital Lease for the football field at the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, which, at the option of the Village, is to be paid either to M&I Equipment Finance or directly to the Village.

c. As a condition to the assignment by MadKatStep to the Village of the M&I Lease, M&I shall agree to the release of MadKatStep and Ryan US from any obligation owing under the M&I Lease. Upon assignment, MadKatStep and Ryan US will have no continuing or further liability under the M&I Lease.

**13. Governmental Permits, Licenses, and Zoning.**

To the extent assignable and transferable, MadKatStep and/or CCO agree to assign, transfer and convey all rights to the Village or its designee concerning governmental permits, licenses, and zoning that relates to the Property, the Sears Centre Arena, and the operation of the Sears Centre Arena and all associated activities, pursuant to the Quitclaim Bill of Sale and Assignment of Intangibles. MadKatStep and CCO agree to cooperate with the Village or its designee to accomplish such assignment, transfer and/or conveyance of rights. Upon such assignment, transfer and/or conveyance, MadKatStep and/or CCO shall have no further liability thereafter.

**14. Amcore Loan.**

a. The Parties acknowledge that the MadKatStep had a loan agreement with Amcore Bank. MadKatStep represents that it has paid such loan in full and has provided certain evidence of such payment.

b. All improvements or other material purchased with the proceeds of the Amcore Bank loan will be conveyed to the Village by way of the Quitclaim Bill of Sale and Assignment of Intangibles.

**15. Member Disputes and Loans.**

a. MadKatStep agrees that the Village is not responsible or liable for any disputes or issues by and between members of MadKatStep or with MadKatStep.

b. MadKatStep releases and forgives any lien or encumbrance against the real and personal property of the Sears Centre Arena that may have or could arise out of any member loan or member dispute.

c. MadKatStep agrees not to sue the Village or its elected or appointed officials, agents, employees, attorneys, insurers and assigns with regard to any member loans or member disputes.

**16. Real Estate Property Taxes.**

a. MadKatStep agrees to pay or cause to be paid and Ryan US will guarantee payment pursuant to the form of Real Estate Tax Guarantee attached hereto as Exhibit F ("Real Estate Tax Guarantee"), at or before the time of recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents, the general real estate taxes assessed on the Property for the second installment of 2008 payable in 2009. Such payment will include, if not made timely, any penalties or interest for late payment .

b. MadKatStep agrees to pay or cause to be paid, and Ryan US will guarantee payment pursuant to the Real Estate Tax Guarantee, when due the general real estate taxes assessed on the Property for a portion of 2009 taxes that are due and payable in 2010, except that MadKatStep and Ryan US will only be responsible for that portion and amount of real estate taxes that are assessed for the months of January through September 2009, inclusive. Such partial payment will be made timely and any penalties or interest for late payment will be the obligation of MadKatStep and guaranteed by Ryan US. Should the Village receive the tax bills for each installment of 2009 taxes due in 2010, it shall use its best efforts to forward same to MadKatStep and Ryan US within five (5) days of receipt for payment pursuant to this Section.

MadKatStep will pay or cause to be paid and Ryan U.S. will guarantee the total amount of the 2009 first installment taxes payable in 2010.

c. The Village will be responsible for the timely payment of its share of the general real estate taxes assessed for the period on and after October 1, 2009.

d. The Parties will true up, if necessary, the payment and/or rebate of real estate property taxes paid for the second installment of the 2009 year prior to the taxes becoming due.

e. The Village and MadKatStep and Ryan US agree to share the attorneys' fees and costs associated with any tax reduction for the 2009 tax year. The Village's share of such allocation of attorneys' fees and costs will be limited to the time from October 1, 2009, through the date of recording of the Deed in Lieu and shall be due and payable to MadKatStep and/or Ryan US pursuant to the payment obligations and timing in 5d above. Total attorney fees for tax reduction service for the entire 2009 tax year will not exceed \$75,000.00.

**17. Transfer of Information and Intellectual Property.**

a. To the extent assignable, MadKatStep and CCO agree to relinquish any rights to and convey to the Village all rights to intellectual property, if any, related to the Sears Centre.

b. MadKatStep and CCO agree to cooperate with the Village or its designee in the transfer of all intellectual property rights.

c. MadKatStep and CCO agree to relinquish use of the assumed names Sears Centre and Sears Centre Arena.

d. On or before December 31, 2009, MadKatStep and CCO agree to transfer to the Village or its designee copies of all non-proprietary or non-confidential operating, financial, business, and accounting records relating to the operation of the Sears Centre Arena. Upon such transfer, the Village's and MadKatStep's obligations under previously executed non-disclosure and/or confidentiality agreements shall be extinguished. As part of this transfer, MadKatStep and CCO agree to provide, as soon as completed, the 2009 year end audit of the Sears Centre Arena's operations.

e. On or before December 31, 2009, MadKatStep, CCO and/or Ryan US will provide (where available and in possession) originals, hard copies, and/or electronic files of: all building systems, operating manuals, warranties, certifications, and as built building plans.

**18. Debt Service Payments by MadKatStep.**

a. Notwithstanding any release contained in this Agreement and in consideration for entering into this Agreement and as a material term thereof, MadKatStep, will pay, or cause to be paid, and Ryan US affirms its obligation to pay the amounts under its existing Debt Service Guarantee, on or before March 5, 2010, to the Village, which has a current balance amount of \$2,900,000, which is equal to the debt service payments which would otherwise be due and owing the Village for the 2010 year by MadKatStep. MadKatStep and Ryan US agree that the execution of the Deed in Lieu of Foreclosure and this Agreement shall not in any manner affect MadKatStep's and Ryan US's agreement to make the payment described in this paragraph.

b. The Village agrees to make demand on MadKatStep for the non-payment of the October, 2009, and subsequent monthly debt service payments, but such demand will defer the due date for the balance of the remaining debt service payments to and until March 5, 2010.

**19. Village Reserve Fund**

Upon recording of the Deed in Lieu of Foreclosure and delivery of the Transfer Documents to the Village, MadKatStep shall release any claim or right it or its members may have to the Village Reserve Fund and shall then authorize all money in said fund to be disbursed to the Village and shall cooperate with the Village to secure such release.

**20. Pre-December 31, 2009 Operation by the MadKatStep Parties.**

a. The Parties to this Agreement acknowledge that the Village is currently negotiating with and plans on approving a long term contract for management of the Sears Centre Arena, with a national management company, by December 31, 2009, or such earlier date as agreed upon, and that CCO has advised the Village that it will cease transitional operation of the Sears Centre Arena no later than December 31, 2009. Thus, certain Parties to this Agreement agree to cooperate in the interim transition of the operation and management of the Sears Centre Arena to such operator and to reasonably cooperate with respect to the transfer of (1) ownership to the Village of the Property and Sears Centre Arena, subject to the Village's Mortgage and Financing Documents; (2) certain Tangible and Intangible Personal Property; (3) all furniture, fixtures and equipment at the Sears Centre Arena (Exhibit E) and (4) certain

Contracts and Revenue Agreements utilized in the operation of the Sears Centre Arena (Exhibits C and D).

b. MadKatStep and CCO shall continue to operate either directly or by a third party operator the Sears Centre Arena, as a first-class arena, through December 31, 2009. This continued operation is agreed to include the coordination for post-December 31, 2009, events.

c. Except as may be provided herein, all costs associated with the operation of the Sears Centre Arena for the period prior to December 31, 2009, shall be borne exclusively by MadKatStep. Except as may be provided herein, it is agreed by the Parties that the Village or its designee will have no responsibility or liability for any such costs.

d. Notwithstanding the foregoing provisions to the contrary, the Village will pay or reimburse MadKatStep and/or CCO within fifteen (15) days of request, the actual out of pocket costs that the Village has pre-approved in writing with respect to post-December 31, 2009, events that are actually paid by MadKatStep or CCO.

e. Except as may be provided herein, ticket sales expenses and box office expenses through December 31, 2009, shall remain and be the responsibility of MadKatStep.

f. Any ticketing surcharge fees (estimated to be approximately \$2.00 per ticket) that are collected through the on-site Sears Centre Arena box office prior to December 31, 2009, will remain the property of MadKatStep and/or CCO.

g. Any facility surcharge fees for events to be held prior to December 31, 2009, are the property of MadKatStep and/or CCO. Any facility surcharge fees for events after December 31, 2009, are the property of the Village or its designee and will be remitted to the Village or its designee no later than March 1, 2010.

h. MadKatStep and CCO will commercially and reasonably cooperate with the Village and its designee with respect to the booking and contracting for post-December 31, 2009, events, rentals, usage, advertising, sponsorship, licenses, tickets or other activities. Any inquiries regarding post-December 31, 2009, events, rentals, usage, advertising, sponsorship, licenses, tickets or other activities will be referred to the Village or its designee. However, no contract for post-December 31, 2009, events, rentals, usage, advertising, sponsorship, licenses, tickets or other activities will be entered into by MadKatStep or CCO without the express written approval of the Village or its designee.

i. MadKatStep and CCO will provide, without rent or other charges, a transition office at the Sears Centre Arena for the use of the Village and or its designee. The office will have phone and internet access. Further, MadKatStep and CCO will provide to the Village or its designee any documents or other information commercially and reasonably required by the Village or its designee in the transition of the arena to the Village, for post-December 31, 2009, bookings and to reasonably assist the Village and its designee with the selection of a new operator.



j. Sears Centre Arena box office ticket revenues actually received by MadKatStep and/or CCO for events post-December 31, 2009, will be transferred to the Village weekly.

k. Ticketmaster collected ticket revenues for events post-December 31, 2009, that are received by MadKatStep or CCO will be transferred to the Village within five (5) business days of receipt.

l. MadKatStep and CCO agree to hold weekly coordination meetings with, as appropriate, the Village and or its designee, IFG and any new or proposed operator.

m. Any monies that may be received by MadKatStep and/or CCO for post-December 31, 2009, events, including rentals, usage and tickets are the sole and exclusive property of the Village or its designee and shall be, at the direction of the Village or its designee, deposited as the Village instructs within five (5) business days of receipt.

n. Any monies which may be received by MadKatStep and/or CCO exclusively for pre-December 31, 2009, events, including rentals, usage, and tickets are the sole and exclusive property of MadKatStep and/or CCO.

o. Any monies which may be received by MadKatStep and/or CCO which are attributable to pre- and post-December 31, 2009, advertising, sponsorship or licenses shall be pro-rated between the Village (*i.e.* that portion of the total revenue attributable to the post-December 31, 2009 portion of the advertising, sponsorship or licenses) and MadKatStep (*i.e.* that portion of the total revenue attributable to the pre-December 31,

2009 portion of the advertising, sponsorship or licenses), reconciliation and payment to occur no later than March 1, 2010.

**21. Insurance.**

a. MadKatStep and/or CCO will maintain or cause to be maintained, at their sole cost and expense, building, liability, all risks, workers' compensation and other appropriate insurance, consistent with historical practice, covering the Sears Centre Arena and its operation through December 31, 2009, unless otherwise agreed in writing. The Village will be an additional named insured and loss payee on all policies.

b. Upon execution of the Agreement, MadKatStep and CCO will provide to the Village copies of all then in effect certificate of insurance policies for the Sears Centre Arena and its operation, including all endorsements and proof of payment.

c. By January 15, 2010, MadKatStep and/or CCO will provide to the Village a list of all claims made in writing relating to the Sears Centre Arena and its operation.

d. MadKatStep and CCO agree to reasonably cooperate with the Village, its insureds, and attorneys with respect to any claim made for injuries or damages that arose out of actions prior to December 31, 2009.

**22. Future Cooperation.**

The Parties agree to reasonably cooperate after the execution of this Agreement and, as necessary, post-December 31, 2009, to effect the terms of this Agreement.

**23. No Construction Against the Drafter.**

Each of the parties to this Agreement acknowledges this Agreement has been negotiated at arms-length among persons knowledgeable in the matters dealt with

herein, and each party participated in its drafting. Accordingly, any rule of law or other statutes, legal decisions or common law principles, which would require the interpretation of any ambiguities in this Agreement against the party that drafted it is of no application and hereby is expressly waived. The provisions of the Agreement shall be interpreted in a reasonable manner to effectuate the intention of the parties hereto.

**24. Counterparts.**

The parties agree that this Agreement can be executed in counterparts.

**25. Warranty of Capacity.**

The undersigned executing this Agreement on behalf of the Parties to this Agreement warrant that they are authorized to act on behalf on the respective party for the purpose of executing this Agreement.

**26. Notices.**

All notices, requests or demands made under this Agreement shall be in writing and personally delivered or sent by certified mail to the following addresses, or such other addresses as any party may specify in writing to the other parties:

If to the Village:	Village of Hoffman Estates Attn: Village Manager 1900 Hassell Road Hoffman Estates, Illinois 60169
With a copy to:	Arthur L. Janura Arnstein & Lehr LLP 2800 W. Higgins Road, Suite 425 Hoffman Estates, Illinois 60169
If to MadKatStep:	MadKatStep Entertainment LLC Attn: Jeff Smith c/o Ryan Companies US, Inc. 55 Shuman Boulevard, Suite 800

Naperville, Illinois 60563

With a copy to:

Nicholas S. Peppers  
Storino, Ramello & Durkin  
9501 West Devon Avenue, Suite 800  
Rosemont, Illinois 60018

If to Ryan Hoffman:

c/o Ryan Companies US, Inc.  
Attn: Tim Gray  
50 South Tenth Street  
Minneapolis, Minnesota 55403

With a copy to:

c/o Ryan Companies US, Inc.  
Attn: Ms. Mary Wawro  
50 South Tenth Street  
Minneapolis, Minnesota 55403

If to Ryan US:

Ryan Companies US, Inc.  
Attn: Tim Gray  
50 South Tenth Street  
Minneapolis, Minnesota 55403

With a copy to:

Ryan Companies US, Inc.  
Attn: Mary Wawro, General Counsel  
50 South Tenth Street  
Minneapolis, Minnesota 55403

If to CCO:

CCO Entertainment, LLC  
Attn: Jeff Smith  
c/o Ryan Companies US, Inc.  
55 Shuman Boulevard, Suite 800  
Naperville, Illinois 60563

With a copy to:

Mr. Nicholas S. Peppers  
Storino Ramello & Durkin  
9501 W. Devon Avenue 8th Floor  
Rosemont, Illinois 60018

**27. Costs and Fees.**

Each of the Parties agrees to pay their own costs and attorney's fees in connection with the execution of this Agreement and any actions which are pending in

the Circuit Court of Cook County, Illinois.

**28. Review by Attorney.**

The parties to this Agreement warrant that they have not relied upon the advice any other party, or any representative, agent or attorney of another party, as to the legal or other consequences which attach because of its assent to the terms of this Agreement. Further, each party acknowledges that it is represented by counsel and that their counsel has reviewed the provisions, terms and conditions contained within this Agreement.

**29. Cancellation of Financing Documents.**

The Village agrees to cancel the Financing Documents promptly upon conclusion of the Foreclosure Action. The parties acknowledge that the Village intends to accept the Deed in Lieu of Foreclosure and then complete a judicial foreclosure, at its option, to foreclose any possible subordinate lien claimants. Because of the inherent difficulties in determining the timing for such an action, the Parties agree that the return of the Financing Documents can be deferred until after such action is concluded by judgment or appeal.

**30. Exhibits.**

All exhibits attached hereto are incorporated herein by reference.

**31. Governing Law.**

This Agreement shall be governed for all purposes by the laws of the State of Illinois. Jurisdiction shall be in Cook County, Illinois.

**32. Entire Agreement.**

This Agreement, with exhibits, contains the entire agreement of the parties and there are no other agreements between the parties, express or implied, except as set forth herein. This Agreement may not be changed orally but only by agreement in writing signed by the party against whom enforcement, waiver, change, modification, extension or discharge is sought.

IN WITNESS WHEREOF, the parties have executed this Agreement to be executed for the purposes herein by their duly authorized officers as of the date first written above.

**Village of Hoffman Estates, Illinois, an Illinois municipal corporation**

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

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

**MadKatStep Entertainment, LLC, a Delaware limited liability company**

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

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

**Ryan Hoffman Estates LLC, a Minnesota limited liability company**

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

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

**Ryan Companies US, Inc., a Minnesota corporation**

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

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

**CCO Entertainment LLC, a Delaware limited liability company**

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

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

**Dated:** \_\_\_\_\_



EXHIBIT A

DEED

**QUITCLAIM DEED IN LIEU  
OF  
FORECLOSURE (ILLINOIS)**

PREPARED BY AND MAIL TO:

Arnstein & Lehr LLP  
120 South Riverside Plaza  
Suite 1200  
Chicago, Illinois 60606  
Attn: \_\_\_\_\_

THE GRANTOR, **MadKatStep Entertainment, LLC**, of **INSERT ADDRESS**, for and in consideration of Ten and No/100 (\$10.00) Dollars, and for other good and valuable considerations in hand paid, QUITCLAIMS to **The Village of Hoffman Estates**, ("Grantee"), with its principal place of business at 1900 Hassell Road, Hoffman Estates, Illinois 60169, all of Grantor's interest in the following described real estate situated in the County of Cook, in the State of Illinois, to wit: described on **Exhibit A** (the "Real Estate") which is attached hereto and made a part hereof.

Grantor and Grantee state that it is their express intention that Grantee's interest in the Real Estate shall not merge with or extinguish the interest of Grantee under any loan documents recorded against the Real Estate, but will be and remain at all times separate and distinct, that the Real Estate conveyed pursuant hereto shall remain subject to any such loan documents, and that the liens and security interests of Grantee (as the Lender) in the Real Estate created by such loan documents shall be and remain at all times valid and continuous liens and security interests in the Real Estate.

Exempt under provisions of Paragraph L, Section 4, of the Illinois Real Estate Transfer Act 35 ILCS 200/31-45.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer, Seller or Representative

DATED this \_\_\_\_ day of December, 2009.

MadKatStep Entertainment, LLC,  
a Delaware limited liability company  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF ILLINOIS        )  
  ) SS.  
COUNTY OF COOK        )

I, \_\_\_\_\_, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, as \_\_\_\_\_ of MadKatStep Entertainment, LLC, a Delaware limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered said instrument, as his/her free and voluntary act, and as the fee and voluntary act of the company, for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_ day of December, 2009.

\_\_\_\_\_(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_

**NAME & ADDRESS OF TAXPAYER:**

**Village of Hoffman Estates  
Attn: Director of Finance  
1900 Hassell Road  
Hoffman Estates, Illinois 60169**

**EXHIBIT A TO DEED IN LIEU OF FORCLOSURE**

**LEGAL DESCRIPTION**

LOTS 4A5G2 AND 4A5E IN THE FINAL PLAT OF RESUBDIVISION OF LOTS 4A5E AND 4A5G, BEING A SUBDIVISION OF PART OF THE SOUTHEAST ¼ OF SECTION 31, THE SOUTHWEST ¼ OF SECTION 32, TOWNSHIP 42 NORTH, AND SECTION 4, TOWNSHIP 41 NORTH, BOTH IN RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 31, 2005 AS DOCUMENT 0524339042, IN COOK COUNTY, ILLINOIS.

P.I.N.: 01-32-302-037-0000 (AFFECTS PART OF PARCEL IN QUESTION. PART LOT 4A5G2)  
01-32-302-038-0000 (AFFECTS PART OF PARCEL IN QUESTION. PART LOT 4A5E)  
01-32-302-039-0000 (AFFECTS PART OF PARCEL IN QUESTION. PART LOT 4A5E)  
06-04-200-037-0000 (AFFECTS PART OF PARCEL IN QUESTION. PART LOT 4A5G2)  
(OTHER PROPERTY NOT NOW IN QUESTION)

Commonly known as: Sears Centre Arena, 5333 Prairie Stone Parkway, Hoffman Estates, Illinois.

## EXHIBIT B

### QUITCLAIM BILL OF SALE AND ASSIGNMENT OF INTANGIBLES

**MADKATSTEP ENTERTAINMENT, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND CCO ENTERTAINMENT LLC, A DELAWARE LIMITED LIABILITY COMPANY** ("Assignors"), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and for other good and valuable consideration paid to Assignors by **THE VILLAGE OF HOFFMAN ESTATES, AN ILLINOIS MUNICIPAL CORPORATION** ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, have ASSIGNED, SOLD, CONVEYED and DELIVERED, and does hereby ASSIGN, SELL, CONVEY and DELIVER unto Assignee, its successors, heirs, executors, administrators, personal representatives and assigns, all of Assignors' right, title and interest in and to the following:

1. (i) To the extent owned by Assignor, all personal property attached to or located on the land or in the improvements, or used and acquired for installation or use in the operation, maintenance or protection of the property commonly known as Sears Centre Arena, 5333 Prairie Stone Parkway, Hoffman Estates, Illinois, (the "Real Estate"), wherever located, including but not limited to all furniture, fixtures, equipment, inventory, but specifically excluding those items of personal property, furniture, fixtures, equipment and inventory that it may lease and is owned by third parties; (ii) to the extent assignable under contracts or other arrangements to acquire personal property for installation or use in connection with the Real Estate and (iii) to the extent assignable under leases of personal property for installation or use in connection with the Real Estate. Items (i-iii) shall herein be referred to as ("Personal Property").
2. Any intangible property used or useful in connection with the Real Estate and/or the Personal Property, including but not limited to any and all (i) goodwill; (ii) suppliers invoices; (iii) marketing and advertising materials; (iv) assignable guarantees and warranties; (v) assignable utility contracts; (vi) without representation as to title, assignable surveys, plans and specifications; (vii) assignable licenses and other governmental permits and permissions relating to the Real Estate and the operation; maintenance and protection thereof; (viii) assignable rights under agreements with architects; engineers and surveyors, if any; (ix) non-proprietary, non-confidential books; records and other accounting and bookkeeping materials; (x) utility deposits, escrow accounts, operating accounts, accounts receivable and any other bank accounts or deposits related to the operation of the Real Estate, including, inter alia, all reserve accounts held by the Assignee (other than those deposits, accounts and receivables accruing and relating to events prior to January 1, 2010 and inter-companies accounts receivable owing from or to Assignor, and/or any of its affiliates); (xi) all governmental awards, credits, refunds and

rebates of any kind resulting from the development and operation of the Real Estate after January 1, 2010, including without limitation, zoning credits, payments, credits, refunds or rebates under environmental laws or otherwise related to environmental matters, impact fee credits and condemnation awards and proceeds, but expressly excluding, without limitation, any such award, credit or refund resulting from or accruing prior to January 1, 2010 (the items in clauses (i)-(xi) above are sometimes collectively referred to herein as "Intangibles").

3. ASSIGNORS MAKE NO OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND, NATURE, OR DESCRIPTION, AND HEREBY EXPRESSLY DISCLAIM ANY OTHER STATED OR IMPLIED REPRESENTATION OR WARRANTY, INCLUDING THOSE RELATED TO TITLE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, AND ASSIGNEE HEREBY ACCEPTS THE PERSONAL PROPERTY AND INTANGIBLES CONVEYED HEREIN IN ITS CURRENT AS-IS, WHERE-IS CONDITION.

EXECUTED this \_\_\_ day of December, 2009

**ASSIGNORS:**

**MADKATSTEP ENTERTAINMENT, LLC, A  
DELAWARE LIMITED LIABILITY COMPANY**

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

Name: \_\_\_\_\_

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

**CCO ENTERTAINMENT, LLC, A DELAWARE  
LIMITED LIABILITY COMPANY**

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

Name: \_\_\_\_\_

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

**(ACKNOWLEDGEMENTS APPEAR ON FOLLOWING PAGE)**

STATE OF ILLINOIS        )  
  ) SS.  
COUNTY OF COOK        )

I, \_\_\_\_\_, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, as \_\_\_\_\_ of MadKatStep Entertainment, LLC, a Delaware limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered said instrument, as his/her free and voluntary act, and as the fee and voluntary act of the company, for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_ day of December, 2009.

\_\_\_\_\_(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF ILLINOIS        )  
  ) SS.  
COUNTY OF COOK        )

I, \_\_\_\_\_, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_, as \_\_\_\_\_ of CCO Entertainment, LLC, a Delaware limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed and delivered said instrument, as his/her free and voluntary act, and as the fee and voluntary act of the company, for the uses and purposes therein set forth.

Given under my hand and official seal, this \_\_\_ day of December, 2009.

\_\_\_\_\_(SEAL)  
Notary Public

My Commission Expires: \_\_\_\_\_

## EXHIBIT C TO SETTLEMENT AGREEMENT

Allied Waste  
American Eagle  
Clear Channel Broadcast  
Comcast  
Sears Logistics Services  
Teamsters

Waste Hauling  
Website Design and Maintenance  
Lease on Camera on Roof  
Cable TV  
UPS Services  
Union Agreement



**EXHIBIT D**

**REVENUE AGREEMENTS**

**SUITES:**

Allied Waste  
Contemporary Marketing / Plexus Groupe  
Daily Herald  
Exelon  
Grand Victoria  
Indeck Energy Services  
Northwest News Group  
Sears Holdings  
Sullivan Roofing

**LOGE BOXES:**

Biggers Chevrolet  
Joe Palumbo / Heidner

**CLUB SEATS:**

Advanced Precision Mfg. Inc.  
Brickman  
Butera, John  
Castillo, Marko  
ERA Countrywood Realty  
Kieft Brothers Inc.  
Ramsell, Donald  
Right Pointe Company  
Signorella, Ric  
Trine Construction  
Standard Parking

**SPONSORSHIPS:**

Miller  
Northwest Newsgroup  
Brilliance Honda  
Geico  
Grand Victoria Casino  
Konsultek  
Verizon Wireless  
Buffalo Wild Wings

Connie's Pizza  
Ticketmaster  
Dr. Pepper/Cadbury Schweppes  
Cricket/Denali

**TRADE CONTRACTS:**

Marriott – expires 2/15/2010  
Daily Herald – expires 3/18/2010  
National Lift Truck – expired last year  
Prairie Stone Sports and Wellness – Expires 12/20/09  
Yellowbook – expires March 2009?

**MISCELLANEOUS:**

Clear Channel Broadcast

EXHIBIT E

FURNITURE, FIXTURES AND EQUIPMENT  
OWNED BY MADKATSTEP AND/OR CCO

## EXHIBIT F

October 20, 2009 Draft

### REAL ESTATE TAX GUARANTEE

This REAL ESTATE TAX GUARANTEE, dated as of \_\_\_\_\_, 2009 (“**Guaranty**”) is made by RYAN COMPANIES US, INC., a Minnesota corporation (the “**Guarantor**”), in favor of the VILLAGE OF HOFFMAN ESTATES, ILLINOIS (the “**Village**”).

### RECITALS

The Guarantor possesses voting control and is a fifty percent (50%) owner of the membership interest in Ryan Hoffman Estates, LLC, a Minnesota limited liability company, which is a member of MadKatStep Entertainment, LLC, a Delaware limited liability company (the “**MKS**”).

The Village and MKS have entered into a Settlement and Release Agreement, dated \_\_\_\_\_ (the “**Settlement and Release Agreement**”), under which MKS and the Village agreed to consent to a certain foreclosure action filed by the Village against MKS entitled *Village of Hoffman Estates v. MadKatStep Entertainment, LLC, et al.*, 09 CH 34392 and to compromise and settle any and all outstanding claims, damages and defaults of any kind which may have existed between the parties, pursuant to a certain Redevelopment Financing Agreement, dated \_\_\_\_\_ (“**RFA**”), and related loan documents, by and between MKS and the Village, all with respect to the Village’s financing of the construction, development and operation of the property commonly known as the Sears Centre Arena.

The Village has required that, as a condition of the Settlement and Release Agreement, the Guarantor must deliver to the Village this Guaranty, pursuant to which the Guarantor guarantees to the Village the payment obligation of MKS of certain general real estate tax payments, for those parcels listed on Exhibit “A,” attached hereto and made a part hereof (“**Tax Parcels**”), not yet due or payable for the Second Installment of 2008 General Real Estate Taxes and for that portion of the prorated 2009 General Real Estate Taxes, accruing from January 1, 2009 to and until September 30, 2009 (“**Real Estate Tax Obligations**”), in the manner as more fully described in Section 1 of this Guaranty.

This Guaranty is executed pursuant to Section \_\_\_\_\_ of the Settlement and Release Agreement.

Any capitalized terms used in this Guaranty shall have the meaning ascribed in the Settlement and Release Agreement.

NOW, THEREFORE, in consideration of the parties entering into the Settlement and Release Agreement, which the Guarantor acknowledges shall inure to the financial benefit of the

Guarantor and constitute good and sufficient consideration for execution and delivery of this Guaranty, the Guarantor undertakes and agrees as follows:

**Section 1. Incorporation of Recitals.** The foregoing recitals are hereby incorporated as if fully rewritten.

**Section 2. Guaranty.**

(a) The Guarantor unconditionally and irrevocably guarantees to the Village the payment of the General Real Estate Tax Obligations of MKS for the Tax Parcels, pursuant to the Release and Settlement Agreement. By way of illustration, it is the intention of the parties that Guarantor guarantees to the Village the payment by MKS of the First Installment of 2009 General Real Estate Taxes, and MKS' share of the Second Installment for 2009, for the Tax Parcels, but only for those taxes that accrued prior to September 30, 2009 (each payment when due shall be deemed a "**Real Estate Tax Payment**"), and that the Village is thereafter responsible for any and all additional taxes accruing on and after October 1, 2009 for the Tax Parcels. The obligations so guaranteed are referred to in this Guaranty as the "**Guaranteed Obligations.**"

(b) Upon the default of MKS in the payment, when due, of any of the Guaranteed Obligations, Guarantor will immediately pay the amount of any Guaranteed Obligations then due upon written notice from the Village that payment has not been made. Guarantor agrees that, notwithstanding any stay, injunction or other prohibition preventing payment by the MKS of all or any portion of the Guaranteed Obligations, the obligation of the Guarantor to pay the Guaranteed Obligations when due shall be unconditional and absolute and shall not be abated except upon full payment of all Guaranteed Obligations as and when the same become due.

(c) The liability of Guarantor under this Guaranty is a guaranty of payment and performance and not of collectability only.

**Section 3. Guaranty Absolute.** The liability of Guarantor under this Guaranty shall be absolute and unconditional, irrespective of:

(a) any express or implied amendment, modification, renewal, addition, supplement, extension (including extensions beyond the original term) or acceleration of or to the Settlement and Release Agreement;

(b) any exercise or nonexercise by the Village of any right or privilege under the Settlement and Release Agreement or this Guaranty;

(c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Guarantor or MKS, or any member of them, or any action taken with respect to this Guaranty by any trustee, receiver or court in any such proceeding, whether or not Guarantor shall have had notice or knowledge of any such proceeding;

(d) any release or discharge of MKS from its liability under the Settlement and Release Agreement or any release or discharge of any endorser, guarantor or other party at any time directly or contingently liable under the Settlement and Release Agreement;

(e) any subordination, compromise, release (by operation of law or otherwise), discharge, compound, collection or liquidation of any collateral for the Guaranteed Obligations or any substitution with respect to that collateral;

(f) any assignment or other transfer of this Guaranty in whole or in part in connection with the assignment or transfer of the MKS' obligations under the Settlement and Release Agreement; and

(g) any acceptance of partial performance of the Guaranteed Obligations.

**Section 4. Waiver.** Guarantor unconditionally waives, to the extent permitted by law, any defense to the enforcement of this Guaranty, including:

(a) except as expressly provided in this Guaranty, any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor and notice of acceptance of this Guaranty;

(b) any right to require the Village to proceed against any other guarantor at any time, to proceed against or exhaust any security held by the Village at any time or to pursue any other remedy whatsoever at any time;

(c) any defense arising by reason of any invalidity or unenforceability of the Settlement and Release Agreement or any disability of MKS or the Guarantor or of any manner in which the Village has exercised its rights and remedies under the Settlement and Release Agreement or by the cessation from any cause of the liability of MKS or the Guarantor, other than payment in full of the Guaranteed Obligations;

(d) any duty of the Village to advise Guarantor of any information known to the Village regarding the financial condition of MKS or any other circumstances affecting MKS' ability to perform its obligations under the Settlement and Release Agreement, it being agreed that Guarantor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances; and

(e) any right of subrogation, contribution, indemnity or otherwise against MKS which may arise out of or in connection with this Guaranty, any right to enforce any remedy that the Village now has or may subsequently have against MKS and any benefit of, and any right to participate in, any security now or subsequently held by the Village, until this Guaranty has been fully satisfied.

**Section 5. Representations and Warranties.** The Guarantor represents and warrants as follows:

(a) Guarantor is duly organized, validly existing and in good standing under the laws of the State of Minnesota, has all power and authority to carry on its business as now being conducted and to own its properties and is duly licensed or qualified and in good standing as a foreign entity in each other jurisdiction in which failure to so qualify would materially and adversely affect the ability of Guarantor to perform or pay the Guaranteed Obligations;

(b) the execution, delivery and performance of this Guaranty are within Guarantor's corporate power, have been duly authorized by all necessary corporate and governmental action on the part of Guarantor and will not contravene, or constitute a default under, any law, regulation, judgment, order, decree, agreement or instrument binding on Guarantor which contravention or default could materially and adversely affect the ability of Guarantor to perform its obligations under this Guaranty;

(c) this Guaranty constitutes the valid and binding obligation of Guarantor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity;

(d) except as disclosed in writing to the Village, there are no actions, suits or proceedings pending against or, to the knowledge of Guarantor, threatened against or affecting Guarantor, an adverse decision in which could materially and adversely affect the ability of Guarantor to perform or pay the Guaranteed Obligations; and

(e) Guarantor is the controlling member of Ryan Hoffman Estates, LLC, a Minnesota limited liability company, a member of MKS.

**Section 6. Affirmative Covenants.** Guarantor covenants and agrees that until the Guaranteed Obligations have been performed or paid:

(a) Guarantor will preserve and maintain its corporate existence, unless any successor or surviving entity shall assume the obligations of Guarantor under this Guaranty;

(b) Guarantor will preserve and maintain all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business except where the failure to maintain any such right, privilege or franchise would not have a material adverse affect on the ability of Guarantor to perform or pay the Guaranteed Obligations;

(c) Guarantor will promptly give notice in writing to the Village of all litigation, arbitral proceedings and regulatory proceedings affecting Guarantor which could have a material adverse affect on the ability of Guarantor to perform or pay the Guaranteed Obligations; and

(d) Guarantor will, within one hundred twenty (120) days after the end of each fiscal year of the Guarantor, give the Village an opportunity to examine the audited financial

statements of the Guarantor for that fiscal year, or if the Guarantor's financial statements shall not be audited, then the compiled financial statements of the Guarantor for that fiscal year.

**Section 7. Negative Covenant.** Guarantor will not take any action, including without limitation, a payment of any dividend, a merger or consolidation or sale or disposition of any portion of its assets, that will materially adversely affect its ability to perform its obligations under this Guaranty; provided, however, nothing set forth or implied herein shall be deemed to limit or impair the right of Guarantor to take any action in the ordinary course of Guarantor's business including, without limitation, the disposition of assets and properties in the ordinary course of Guarantor's business or the payment of scheduled preferred stock dividends.

**Section 8. No Waiver; Remedies.** No failure on the part of the Village to exercise, and no delay in exercising, any right under this Guaranty shall operate as a waiver of any such right, nor shall any single or partial exercise of any right under this Guaranty preclude any other or further exercise of that right or the exercise of any other right. The remedies provided in this Guaranty are cumulative and not exclusive of any remedies provided by law.

**Section 9. Continuing Guaranty.** This Guaranty is a continuing guaranty and shall remain in full force and effect until the performance and payment in full of the Guaranteed Obligations.

**Section 10. Independent and Separate Obligations.** The obligations of Guarantor under this Guaranty are independent of the obligations of MKS and, in the event of any default under this Guaranty, a separate action or actions may be brought and prosecuted against Guarantor whether or not Guarantor is treated as the alter ego of MKS and whether or not MKS is joined in or a separate action or actions are brought against MKS.

**Section 11. Bankruptcy No Discharge; Repayments.** So long as any of the Guaranteed Obligations shall be outstanding, Guarantor shall not, directly or through any subsidiary or related entity, without the prior written consent of the Village, commence or join with any other party in commencing any bankruptcy, reorganization or insolvency proceedings of or against MKS. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor may have assumed any and all risks of a bankruptcy or reorganization case or proceeding with respect to MKS. As an example and not in any way of limitation, a subsequent modification of the Guaranteed Obligations in any reorganization case concerning MKS shall not affect the obligation of Guarantor to pay and perform the Guaranteed Obligations in accordance with their original terms.

**Section 12. Subordination.** Upon the occurrence of a default by MKS of any of the Guaranteed Obligations, Guarantor shall not, without first obtaining the Village's written consent, seek to recover, whether directly or by set off, lien, counterclaim or otherwise, nor accept any moneys or other property, nor exercise any rights in respect of, any sum which may be or become due to Guarantor in relation to the Guaranteed Obligations from MKS, nor any winding up of, MKS in relation to the Guaranteed Obligations unless the Guaranteed Obligations then due and owing are paid or performed in full; and, if notwithstanding this provision,



Guarantor holds or receives any such security, moneys or property before the Guaranteed Obligations then due and owing are paid or performed in full, it shall immediately pay or transfer it to the Village.

**Section 13. Payments.** Guarantor agrees that whenever Guarantor shall make any payment to the Village under this Guaranty to reimburse the Village for payment it may make of any Guaranteed Obligations on account of the liability under this Guaranty, Guarantor will deliver such payment to the Village at the address notified to Guarantor in writing, and notify the Village in writing that such payment is made under this Guaranty for such purpose. All payments shall be made in immediately available funds, and, if so requested by the Village, by wire transfer pursuant to written instructions of the Village.

**Section 14. Expenses.** Guarantor agrees to pay all costs and expenses, including reasonable attorneys fees, which may be incurred by the Village in any effort to collect or enforce any of the obligations of Guarantor under this Guaranty, whether or not any lawsuit is filed, including, without limitation, all costs and attorneys fees incurred by the Village in any bankruptcy proceeding (including, without limitation, any action or relief from the automatic stay of any bankruptcy proceeding) and in any judicial or nonjudicial foreclosure action.

**Section 15. Amendments; Successors; Etc.** Neither this instrument nor any term of it may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. All of the terms of this instrument shall be binding upon and inure to the benefit of the parties to this Guaranty and their respective successors and assigns. The term "MKS" shall mean both MKS and any other person or entity at any time assuming or otherwise becoming primarily liable on all or any part of the obligations of MKS under the Settlement and Release Agreement. No delay or failure by the Village to exercise any remedy against MKS or Guarantor will be construed as a waiver of that right or remedy. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Settlement and Release Agreement, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty shall be determined to be illegal or unenforceable, all other provisions shall remain effective. Guarantor shall not have the right to assign any of Guarantor's rights or obligations under this Guaranty.

**Section 16. Demands.** Any demand by the Village for reimbursement to the Village for payment it may have made of any Guaranteed Obligations on account of the liability under this Guaranty shall be in writing and notice of such demand shall be given as provided in Section 19 of this Guaranty. Interest shall accrue on all sums not paid in such event by Guarantor to the Village within five (5) Business Days (as defined in Section 20 of this Guaranty) after payment by the Village of any Guaranteed Obligation and demand at a rate per year equal to [TBD].

**Section 17. Jurisdiction and Enforcement.**

(a) Guarantor irrevocably submits to the jurisdiction of any state or federal court sitting in Cook County, Illinois in any action or proceeding arising out of or relating to this

Guaranty. Guarantor irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in any such court. Guarantor irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Guarantor irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Guarantor at its address specified in Section 19 of this Guaranty. Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Section shall affect the right of the Village to serve legal process in any other manner permitted by law or affect the right of the Village to bring any action or proceeding against Guarantor or its property in the courts of any other jurisdiction where jurisdiction over Guarantor would otherwise be available.

(c) To the extent that Guarantor has or subsequently may acquire any immunity from jurisdiction of any court or from any legal process otherwise consented to in paragraph (b) of this Section (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Guarantor hereby irrevocably waives such immunity in respect of its obligations under this Guaranty.

(d) To the extent permitted by law, the Village and the Guarantor each waive any right to a jury trial with regard to this Guaranty.

**Section 18. Governing Law.** This Guaranty shall be governed by, and construed in accordance with, the substantive laws of the State of Illinois without giving effect to any "conflicts of law" doctrine, which would require the application of the laws of any other jurisdiction.

**Section 19. Notices.** Notices required or permitted to be given under this Guaranty shall be in writing and shall be effective and shall be deemed to have been properly given (i) if hand delivered, effective upon receipt or refusal; (ii) if delivered by overnight commercial courier service, effective on the date the commercial courier records that the notice was delivered or refused (provided, failure to be available to accept delivery at any time other than between the hours of 9:00 a.m. and 4:30 p.m. on a Business Day shall not constitute a refusal of delivery); (iii) if mailed by United States registered or certified mail, postage prepaid, return receipt requested, effective as of the second (2<sup>nd</sup>) Business Day after the date of deposit for mailing with the United States Postal Service; or (iv) if via facsimile transmission, effective as of the date of transmission if the transmission shall be on a Business Day and shall be completed before 4:00 p.m. local time at the location of the recipient, as evidenced by a facsimile transmission report showing successful transmission or, if the transmission shall be completed other than on a Business Day before 4:00 p.m. local time at the location of the recipient, the notice via facsimile transmission shall be effective as of the next Business Day; provided, if a notice shall be served via facsimile transmission, a copy of such notice shall be likewise delivered to the United States Postal Service for mailing, postage prepaid, by regular mail to the address herein provided.

Notices hereunder shall be addressed as follows, or as the party entitled to receive such notice may hereafter specify by giving notice as provided herein.

If to the Guarantor: Ryan Companies US, Inc.  
50 South 10<sup>th</sup> Street, Suite 300  
Minneapolis, Minnesota 55403  
Attn: Chief Financial Officer  
Facsimile No. (612) 492-3236

If to the Village: Village of Hoffman Estates, Illinois  
1900 Hassell Road  
Hoffman Estates, Illinois 60195  
Attn: Village Manager  
Facsimile No. (847) 781-2669

**Section 20. "Business Day" Defined.** As used in this Guaranty, the term "**Business Day**" shall mean a day when the administrative offices of the Village are lawfully open for business to the public.

IN WITNESS WHEREOF, this Guarantee is executed and delivered for the purposes set forth herein as the free, voluntary and duly authorized act of Ryan Companies US, Inc., a Minnesota corporation, effective as of the date first above written.

RYAN COMPANIES US, INC.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Execution: \_\_\_\_\_

**COMMITTEE AGENDA ITEM  
VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** Request approval of an interim agreement with Global Spectrum of Philadelphia, PA, for management services at the Sears Centre Arena and provide funding of \$420,000 for January 2010 cash flow

**MEETING DATE:** December 16, 2009

**COMMITTEE:** Special Village Board

**FROM:** Arthur Janura/Mark Koplin *AJ MK*

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**REQUEST:** Request approval of an interim agreement with Global Spectrum of Philadelphia, PA, for management services at the Sears Centre Arena.

**BACKGROUND:** The Village received two formal proposals for management services at the Sears Centre Arena once the current owner and operator leaves the building. The Ad Hoc Sears Centre Advisory Committee interviewed both operators and made a recommendation to the Village Board on October 26, 2009, to proceed with negotiations with Global Spectrum. The Village Board voted on November 2, 2009, to request an Operating Agreement from Global Spectrum and begin negotiations for a long term management contract at the Sears Centre Arena. The Village initiated those discussions and they are ongoing.

**DISCUSSION:** The current owner and operator of the Sears Centre Arena will be leaving the building on December 31, 2009. The Village needs an operator to conduct business and events at the Sears Centre Arena on January 1, 2010, and going forward. There are four events in January over nine days, with the first on January 2. At this time, it appears unlikely that the long term and comprehensive arena management agreement will be completed before the end of the year. A draft agreement will be presented to the Village Board in the near future.

**DISCUSSION:** (Continued)

Global Spectrum is very excited and anxious to start as operator of the Sears Centre Arena. Prior to approval of the final agreement, an Interim Management Agreement was proposed to meet the needs and goals of both parties. First, Global Spectrum would work for the Village for the fee proposed in their proposal (\$11,000/month) and conduct business. Global Spectrum would provide startup costs for ticketing and food service, as well as transition service for operations, employees, and the business office. Second, in the unlikely event that a final and formal agreement is not approved, the Interim Agreement provides for reimbursement of Global Spectrum's startup costs. These costs are listed in the attachment to the Interim Agreement and reviewed by the Village and the Village's consultant. These are customary and reasonable costs associated with initiating operations at an arena. The agreement also provides indemnification for third party legal actions arising from Global Spectrum starting business on January 1, 2010, with expenses capped.

How these costs are ultimately handled will be addressed in the formal Operating Agreement. Generally, the Village would not need to pay these costs, as the costs would be paid for in the normal operating costs and revenues resulting from the Sears Centre Arena.

**FINANCIAL IMPACT:**

With the approval of the interim management agreement between the Village and Global Spectrum, the Village also needs to provide funding for at least the January expenses and to provide cash flow until the final arena management agreement is approved in January. The 2010 cash flow projections show the need for \$420,000 in January (and a total of \$711,000 for the first quarter).

Once the final agreement is approved, the costs would be paid through operating revenues of the Sears Centre Arena and would not be paid for directly by the Village. If that formal agreement with Global Spectrum is not approved, the Village would need to reimburse startup costs, as detailed in the attachment.

**RECOMMENDATION:**

Recommend approval of: a) an Interim Agreement with Global Spectrum of Philadelphia, PA, for interim management services at the Sears Centre Arena; and b) providing funding of \$420,000 for January 2010 expenses at the Sears Centre Arena as defined in the cash flow schedule provided by Global Spectrum for the Sears Centre Arena.

Attachment

cc: Frank Russo (Global Spectrum)



Frank E. Russo, Jr. Senior Vice President,  
Business Development & Client Relations

December 7, 2009

Honorable William D. McLeod  
Mayor  
Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, Illinois 60169

Re: Sears Centre Arena (the "Arena")

Dear Mayor McLeod:

I am writing on behalf of Global Spectrum, L.P. ("Global"), Ovations Food Services, L.P. ("Ovations"), Front Row Marketing Services, L.P. ("Front Row"), and Patron Solutions, L.P. d/b/a New Era Tickets ("New Era Tickets") with regard to the Arena. Ovations, Front Row, and New Era Tickets are referred to herein, collectively, as the "Affiliate Companies".

As you know, Global and the Village of Hoffman Estates (the "Village") are currently negotiating a definitive agreement for the management and operation of the Arena, the final terms and conditions of which are subject to the approval of each party in its sole discretion. The parties contemplate that, subject to any third party rights, each of the Affiliate Companies shall be engaged at the Arena to provide the sub-contracted services in which it specializes. Although the definitive management agreement is not yet finalized, the Village desires that Global and the Affiliate Companies be prepared to commence operations at the Arena as of January 1, 2010, in expectation that any third party rights in or at the Arena which would otherwise prevent such engagements are adequately addressed prior to such date.

In order to proceed in such manner, the parties agree as follows:

1. The Village acknowledges that in order to be prepared to commence operations as of January 1, 2010, Global has begun to incur and will continue to incur certain out-of-pocket costs and expenses prior to and following such date, including but not limited to travel costs, temporary housing expense, and the cost of relocating employees, as depicted on the attached schedule (collectively, the "Global Transition Expenses"). The parties agree that Global shall fund the Global Transition Expenses, but such expenses shall be reimbursed to Global by the Village as follows: if Global and the Village enter into the definitive management agreement on or before March 1, 2010 (or such later date as the parties may mutually agree), the Global Transition Expenses actually incurred shall be repaid by the Village to Global, interest free, in equal annual installments over the term of such agreement, commencing with the second year of such term or at the option of the Village at an earlier date. For example, if the management agreement has an 11 year term, the Global Transition Expenses shall be reimbursed to Global at the rate of 1/10 per year, beginning with the second year of the term. If, however, the parties for any reason fail to enter into a definitive management contract by March 1, 2010, the Village shall promptly reimburse Global in full for the Global Transition Expenses. Global shall provide to the Village reasonable back-up documentation evidencing the incurrence of the Global Transition Expenses. All parties agree the Global Transition Expenses will not exceed \$75,000.
2. The Village acknowledges that in order for the Affiliate Companies to be prepared to commence operations at the Arena as of January 1, 2010, each of the Affiliate Companies has begun to incur and will continue to incur certain out-of-pocket costs and expenses prior to and following such date, including but not limited to travel costs, temporary housing expense, the cost of relocating employees, and the cost of purchasing certain equipment and/or supplies, as applicable and as depicted on the attached schedule. Each of the Affiliate Companies acknowledge that its right to be reimbursed for such costs shall be addressed in the contract it contemplates entering into, subject to any third party rights, at the Arena. If for any reason any of the Affiliate Companies are not engaged by April 1, 2010, to provide services at the Arena, the Village shall promptly reimburse such Affiliate Company for its out-of-



pocket costs, provided that such costs are evidenced by reasonable back-up documentation. All parties agree that the reimbursable expenses referenced in this paragraph for Ovations (not including any inventory purchases) will not exceed \$75,000, and that Ovations shall further be reimbursed for its purchase of "Food and Paper and Inventory" which the parties anticipate will range from \$150,000 to \$200,000, with that amount depending on the existing useable inventory remaining when the current food service provider leaves the building. The parties further agree that the reimbursable expenses referenced in this paragraph for New Era Tickets will not exceed \$150,000.

3. As consideration for Global and the Affiliate Companies' willingness to prepare to assume operations at the Arena as of January 1, 2010, the Village hereby agrees to defend, at the Village's expense, any claims, demands or causes of action (collectively, "Claims") asserted by any third party claiming rights in the Arena or to operate at the Arena (including without limitation Levy Premium Foodservice Limited Partnership and Ticketmaster), against Global, Ovations, Front Row and/or New Era Tickets, and any of their respective parent, subsidiary, and affiliate companies, and all of their respective employees, owners, directors, officers, agents, successors, and assigns (collectively, the "Indemnitees"), arising out of or related to any negotiations, discussions, or other communications with the Village in furtherance of or related to performance by the Indemnitees of any services at the Arena, and/or any of the Indemnitees' actual performance of any services at the Arena. The Village further agrees to indemnify and hold harmless the Indemnitees from and against any and all liabilities, damages, costs, and expenses (including without limitation reasonable attorneys' fees and court costs) arising out of or related to any such Claims.

4. This letter agreement (a) shall be governed by, and construed in accordance with the internal laws of the State of Illinois without regard to its conflicts of laws principles; (b) may not be amended except pursuant to a written agreement between Global, the Affiliate Companies and the Village; and (c) may be signed in counterparts, each of which shall constitute one and the same instrument.

If the Village agrees with the foregoing terms, please sign below indicating its agreement to be legally bound hereby.

Sincerely,

FRANK RUSSO  
On Behalf of Global and the Affiliate Companies

AGREED AND ACKNOWLEDGED

VILLAGE OF HOFFMAN ESTATES

By: \_\_\_\_\_  
Name:  
Title:



**Schedule to Letter Agreement dated December 7, 2009**

**Global Spectrum Personnel Related Transition Expenses**

<b>Relocation</b>	<b>Amount</b>
General Manager	\$40,000
Marketing Director	\$15,000
<b>Total Relocation</b>	<b>\$55,000</b>

<b>Corporate Travel</b>	<b>No. Trips</b>	<b>Amount</b>
RVP	6	\$6,000
HR	2	\$2,000
Finance	1	\$1,000
Marketing	2	\$2,000
IT	1	\$1,000
Ops	1	\$1,000
Mentor	2	\$2,000
Candidate interviews	3	\$3,000
Misc	2	\$2,000
<b>Total Corporate Travel</b>	<b>20</b>	<b>\$20,000</b>
<b>Total Estimated Global Spectrum Expenses</b>		<b>\$75,000</b>

Global to defer and be repaid over 10 years

**Ovations Food Services Transition Expenses**

**Pre-opening Costs:**

Relocation	\$23,000
Payroll	\$27,790
Travel	\$13,250
Other	\$10,960
<b>Total Pre-opening Costs</b>	<b>\$75,000</b>

Repaid to Ovations as an allowable expense against the food operation, usually in the first year

<b>Food and Paper Inventory</b>	\$150,000 to \$200,000
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Pending physical inventory of food supplies and verification of value of these items

**New Era Transition Expenses**

<b>Cost of equipment, travel, labor</b>	<b>\$150,000</b>
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Absorbed by New Era unless contract is never executed

**Front Row Transition Expenses**

<b>Travel and Labor</b>	<b>\$0</b>
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Handled separately with their agreement



**COMMITTEE AGENDA ITEM  
VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** Request authorization for the Village to pay off a lease/purchase agreement with M&I Bank, Milwaukee, Wisconsin, for Sears Centre Arena furniture, fixtures, and equipment in an amount of \$2,090,756.85

**MEETING DATE:** December 16, 2009

**COMMITTEE:** Special Village Board

**FROM:**  Mark Koplin

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**REQUEST:** Request authorization for the Village to pay off a lease/purchase agreement with M&I Bank, Milwaukee, Wisconsin, for Sears Centre Arena furniture, fixtures, and equipment (FF&E) in an amount of \$2,090,756.85.

**BACKGROUND:** As operator of the Sears Centre Arena, CCO entered into a lease/purchase agreement with M&I Bank in October 2006. The term of the lease was seven years, with the option to purchase all of the FF&E at the end of the term for \$1.00. The items leased through M&I are listed on the attachment, but generally include items such as food service equipment (the largest single cost), soccer and lacrosse turfs, basketball floor and goals, and other such FF&E that is common to and essential for the operation of an arena. The value of this equipment in 2006 was \$3.2 million, and the lease rate was 7.3%.

**DISCUSSION:** As operator of the Sears Centre Arena, CCO entered into a lease/purchase agreement with M&I Bank in October 2006. The term of the lease was seven years, with the option to purchase all of the FF&E at the end of the term for \$1.00. The items leased through M&I are listed on the attachment, but generally include items such as food service equipment (the largest single cost), soccer and lacrosse turfs, basketball floor and goals, and other such FF&E that is common to and essential for the operation of an arena. The value of this equipment in 2006 was \$3.37 million, and the lease rate was 7.3%.

With monthly lease payments of \$50,838, at \$610,056 per year, the total cost to be paid over the seven year term is \$4.24 million. As part of the Consent Settlement Agreement, MadKatStep has agreed to contribute \$600,000 towards future payments on the M&I lease/loan or paying down the balance if the Village determines they want to pay off the loan now. The Village obtained a pay off amount from M&I, with the current pay off amount being \$2,080,406 (as of November 30, 2009), that includes a \$40,792 pre-payment penalty.

**DISCUSSION: (Continued)**

In order to determine the most prudent course of action, staff considered various scenarios on how to handle the M&I loan, with the underlying assumption that the Village would become responsible for either paying it off immediately, or assuming the loan with the possibility of restructuring it in some form. The alternatives identified, along with a discussion of each, include:

- ◆ Talk to M&I and ask them to consider restructuring the load to more favorable terms (a lower interest rate consideration of dealing with a municipal corporation at tax exempt status, along with extending the term to reduce monthly payments).

In several conversations with M&I, it became clear that they were unwilling to consider any changes to the existing lease arrangement, other than transferring the lease from CCO to the Village as is.

- ◆ Using general fund balance/reserves or other funds to pay off the loan immediately.

To pay off the lease/loan now, the Village could use funds in the Village Vehicle Replacement Fund and a loan from the General Fund to be paid back from future Arena Fund receipts.

- ◆ Assume the loan and continue making payments for the next four years, with MadKatStep's \$600,000 contribution essentially paying for the first 12 months starting with the October 2009, payment (already made by MadKatStep).

The Village could assume the M&I loan as is, at the fixed rate of 7.3%, and use the contribution from MadKatStep to make payments through September 2010. Thus, the Village would need to be out of pocket only \$150,000 in 2010. If Sears Centre Arena revenues exceed expenses in 2011, as projected by Global Spectrum, the Village's portion of the surplus could be used to make payments in 2011 with the balance from Fund Balance or the General Fund. This would occur in 2012 and 2013 also. It is also noted that the early termination penalty expires in October 2011. Thus, the debt could be retired without penalty (saving \$40,792) after that date with any surplus Sears Centre Arena revenues in 2011 or 2012.

- ◆ Borrow money at a more favorable rate and consider extending the term for cash flow purposes to reduce the monthly/yearly payments and pay off M&I.

Staff explored obtaining a bank loan and found that current rates would be at LIBOR, plus 1.5-2%. However, the LIBOR rate would fluctuate over time and as interest rates rise across the board, the LIBOR rate would also increase, therefore, our currently favorable interest rate could increase by several percentage points over the next four years. Only modest interest rate increases are anticipated in the next 12 months, and many aspects of the current economy are unpredictable. If the LIBOR rate increased in the next four years, as compared to the current M&I rate of 7.3%, and the payoff of the current M&I loan is factored into the equation, the Village would likely not save any money and could actually cost more. This would include cash flow, but cost more in the long run.

**DISCUSSION: (Continued)**

The amount the Village would need to borrow to pay off this loan is too little to be cost effective for a bond issue when the bond issuance costs are factored due to the calculations. In addition, there is uncertainty as to how the transaction would be received by the rating agencies. Adding the \$1.5 million to an anticipated bond issue would certainly be feasible, but no other bond issues are in consideration for the Village for the next few years.

In light of the current interest rate on the loan of 7.3%, consideration must be given to paying off the loan from existing cash reserves. Currently, the Village is earning less than one-quarter of 1% on its short term investments, so it does not make sense to continue paying 7.3% for the next four years. In addition, the Village would have to fund on an annual basis the monthly loan payments of \$50,838 per month or \$610,056 per year, in addition to any ongoing operational losses in 2011-2013. Should the need arise, we would always have the opportunity to establish a line of credit to supplement our cash flow needs at a low interest rate than currently exists on the M&I loan.

**FINANCIAL IMPACT:**

As of December 15, 2009, the amount remaining on the loan is \$2,090,756.85, plus \$405.91 per day thereafter, including the pre-payment penalty. MadKatStep agreed to pay \$600,000 towards either payoff of the loan or to use towards monthly payments. MadKatStep has paid the October and November loan payments. Their agreement and contribution was based on an October 1, date, therefore, the October and November payments come out of the \$600,000. It is noted that MadKatStep will pay off the First Premier Capital lease/loan for the football field, which includes two remaining payments in 2010. This will subtract an additional \$5,200 from the \$600,000 contribution. This leaves \$493,000 to pay off the M&I lease/purchase.

It is recommended to use funds earmarked for the Sears Centre Arena to pay the balance of approximately \$1.6 million that is remaining. The amount from the Village will be approximately \$1,600,200, depending on when the Village gets title to the Sears Centre Arena and pays off the lease/purchase thereafter.

**RECOMMENDATION**

Recommend authorization for the Village to pay off the M&I Bank, Milwaukee, Wisconsin, lease/purchase agreement in an amount of \$2,090,756.85 for furniture, fixtures, and equipment at the Sears Centre Arena, including using MadKatStep and Village funds.

Attachment



M & I Equipment Finance  
250 East Wisconsin Avenue  
Suite 1400  
Milwaukee, WI 53202-4219

**INVOICE**

**Remittance Section**

Lessee Number: 26659  
Invoice Number: 750551  
Lease Number: 27377  
Invoice Due Date: 12/15/2009  
Total Due: \$2,090,756.85

Amount Remitted: \$  
If paying other than balance due indicate how to apply your check.

Madkatstep Entertainment LLC  
5333 Prairie Stone Parkway

Hoffman Estates, IL 60192

M & I Equipment Finance  
PO BOX 88127

MILWAUKEE, WI 53288-0127

*Keep lower portion for your records - Please return upper portion with your payment*



M & I Equipment Finance  
250 East Wisconsin Avenue  
Suite 1400  
Milwaukee, WI 53202-4219

Account Name: Madkatstep Entertainment LLC  
Invoice Date: 12/9/2009  
Invoice Due Date: 12/15/2009

Lessee Number: 26659  
Invoice Number: 750551  
Lease Number: 27377  
Total Due: \$2,090,756.85

**Important Messages**



**A Message from M&I Equipment Finance:**

Dear Valued Customer,

We appreciate the opportunity to do business with your company. In addition to our updated invoice format, we have developed a new customer website available for your convenience.

To view your invoices and other lease documents online sign up for our customer website at [www.miefc.com](http://www.miefc.com).

Per Diem after 12/15/2009 is 405.91

**Invoice Summary**

LEASE NO.	DESCRIPTION	AMOUNT	TOTAL
27377	Principal Balance	\$2,039,613.76	
	Interest to 12/15/2009	\$10,147.86	
	Prepayment Penalty	\$40,995.23	
<b>TOTAL</b>			<b>\$2,090,756.85</b>

If you have questions regarding your bill, please give us a call and we will be happy to assist you • 1-800-558-9840  
Visit us at [www.miefc.com](http://www.miefc.com)

## EXHIBIT B - SCHEDULE OF EQUIPMENT

<u>ITEM</u>	<u>REVISED BUDGET</u>
<u>MAJOR EQUIPMENT</u>	
SOUND SYSTEM ARENA	426,104
LIGHTING SYSTEM (WITH CONTROLS)	0
SPOT LIGHTS	115,592
ICE FLOOR SYSTEM (DASHERS AND GLASS)	207,127
LACROSSE/SOCCER FIELD/DASHER PADS	150,000
LACROSSE/SOCCER NET FRAMES	10,000
ICE RESURFACING MACHINES	138,337
FOOD EQUIPMENT	1,282,425
BASKETBALL FLOOR/GOALS	80,000
 <u>CLUB SEAT LOUNGE</u>	
48" COCKTAIL TABLES	9,300
BAR STOOLS	188,838
SUITE FINISHES	80,000
 <u>THEATER SET UP</u>	
BACK WALL SCREEN	50,000
 <u>SECURITY AND OPERATING ITEMS</u>	
WASHER AND DRYER	10,245
TIMECARD SYSTEMS / KEY INVENTORY SYSTEM	30,000
SURVEILLANCE VIDEO CAMERA SYSTEM	115,000
VIDEO CAMERA SYSTEM FOR EVENTS	45,000
GAS POWERED RIDING SWEEPER	8,400
ELECTRIC POWERED RIDING SWEEPER	6,500
KYVAC CLEANING MACHINES	12,600
POINT OF SALE EQUIPMENT	218,000
 <u>ADMINISTRATIVE AND OFFICE</u>	
TELEPHONE SYSTEM	120,270
OFFICE FURNITURE	68,962
	<u>2,944,168</u>
 <u>SOURCES OF FUNDS</u>	
BANK LOAN - ROCKFORD CAPITAL LEASING INC.	3,370,500
TOTAL SOURCES OF FUNDS	<u>3,370,500</u>

**COMMITTEE AGENDA ITEM  
VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** Request authorization for a Sears Centre Arena transition services contract for consulting related to the Sears Centre Arena transition from MadKatStep to Global Spectrum to International Facilities Group, Inc., Chicago, IL, in an amount not to exceed \$175,000

**MEETING DATE:** December 16, 2009

**COMMITTEE:** Special Village Board

**FROM:** *M.K.* Mark Koplin

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**REQUEST:** Request authorization for a Sears Centre Arena transition services contract for consulting related to the Sears Centre Arena transition from MadKatStep to Global Spectrum to International Facilities Group, Inc., Chicago, IL, in an amount not to exceed \$175,000.

**BACKGROUND:** In August 2009, the Village Board approved a contract with IFG at the Sears Centre Arena. That contract had three components, including general consulting and advising to the Village (\$45,000); on-site observation and coordination of Sears Centre Arena activities (three months at \$20,000 per month, for a total of \$60,000); and coordination of a furniture, fixture, and equipment (FF&E) inventory (\$15,000). The FF&E inventory is nearly complete and that portion of the work will be slightly under the \$15,000 cap. Two of the three months of on-site observation have been completed and IFG has transitioned out of the building as Global Spectrum 1) has begun handling the booking calendar, 2) has a greater presence in the building, and 3) is taking a greater role during the month of December prior to their anticipated official start of January 1, 2010. The general consulting exceeded the \$45,000 line item but are offset by the savings from on-site consulting invoices closing out this contract that appeared on the December 14, 2009, bill list.

**DISCUSSION:** IFG continues to provide consulting services to the elected officials, Corporation Counsel, the Ad Hoc Sears Centre Advisory Committee, and Village staff regarding the various aspects of the Village's acquisition of the Sears Centre Arena. Since the contract was approved in August 2009, the process and all aspects of the Village taking over the Sears Centre Arena became even more complicated. Through the efforts of many, the Sears Centre Arena did not close as the current owners intended, and events such as the very successful Mixed Martial Arts nationally prime time televised event have been conducted. IFG's role has evolved according to the needs of the Village based on the many issues related to the Sears Centre Arena.

**DISCUSSION: (Continued)**

In addition to advising the Village on the Global Spectrum Arena Management Agreement, they have assisted with many transition issues related to existing contractors and service providers in the building, insurance continuation and coverage, presentations to and materials for the Ad Hoc Sears Centre Advisory Committee, coordination of 2010 events prior to Global Spectrum taking over those duties, and providing the benefit of their experience to the Village Board, to the Ad Hoc Committee, to Corporation Counsel, and staff. The complexity of the overall effort required a more intensive usage of their time in the past couple of months, and a contract extension is presented for consideration to complete the consulting services that the Village needs to finalize the Operating Agreement with Global Spectrum.

The sub-tasks for FF&E and on-site supervision are now complete, and IFG will focus its efforts on the Operating Agreement with Global Spectrum. In order to complete those efforts, an additional fee of \$70,000 is requested (see attached letter from Joe Briglia).. This will provide consulting through December and into January to complete the Global Spectrum Operating Agreement. The majority of hours are for Joe Briglia, with Mary Beth Hardina contracting.

A second component of this Sears Centre Arena transition services contract includes quarterly reviews by IFG of Global Spectrum's operations and financials. While the exact scope needs to be determined, an additional \$105,000 would provide 100 hours per quarterly review, with the majority of work performed by Mary Beth Hardina, with support by Joe Briglia. It would also allow for ongoing consulting to answer questions and provide advice to the Village throughout the first year of operations by Global Spectrum.

**FINANCIAL IMPACT:**

These fees will be reimbursed from the Sears Centre Arena Reserve Account. The account was established in 2006 with those funds dedicated to Sears Centre Arena costs.

**RECOMMENDATION:**

Recommend authorization to extend a contract for consulting services related to the Sears Centre Arena to International Facilities Group, Inc. (IFG), Chicago, IL, in an amount not to exceed \$175,000.

Attachment

cc: Joseph Briglia (IFG)



November 30, 2009

Mark Koplin  
Assistant Village Manager  
Village of Hoffman Estates  
1900 Hassell Road  
Hoffman Estates, IL 60169

RE: Cumulative Summary of IFG Invoices / Request to Modify Contract Cap

Dear Mark,

Through October 31, 2009, we have billed fees for professional services totaling \$121,243.75 (per the attached itemized Cumulative Summary). There is \$2,756.25 remaining in our current consulting contract balance as of December 1st. In consideration of continuing our relationship, IFG respectfully asks for Village Board consideration to modify our agreement by increasing the fee cap. These additional payments are necessary to see the project to fruition and bring us through the months of December and January.

When the Sears Centre remained open this fall, instead of closing (temporarily) as originally envisioned, IFG's project scope changed substantially and increased our time/effort on many levels. For example, expanded services include but are not limited to: analyzing multiple operating scenarios (open vs. close), vendor issues and support, attend/assist ad-hoc committee meetings, confirmation of rental agreements, media support and talking point preparation, event confirmation and inquiries, background checks on proposed operators/key staff and additional research and supporting transition/termination matters as they arise, to name a few.

Further payments, totaling \$70,000, are requested in the following scope areas:

- On-site Month of November \$20,000  
(Mary Beth Hardina at venue weekly in Oct/Nov; attended CCO events, met vendors, provided event proforma costs/forecasts and sensitivities, led tenant negotiations, helped anticipate/resolve operational transition issues)
- FF&E Inventory close-out \$5,000  
(Dan Polvere confirming equipment locations, lists, tagging and tracking, review O&M manuals and as-built drawings, coordinate civil engineer proposal and inspection and review mud-jacking plans and curtain wall repairs)
- Add'l RFP-related and Management Agreement Consulting (Nov/Dec) \$45,000  
(Joe Briglia support with Management Agreement negotiation, drafting, budget preparation and ongoing evaluation of business deals)



Name

Date

Page - 2

IFG's reimbursement of its approved, out-of-pocket expenses will remain under the 20% of fee cap provided for in the original agreement. We have provided your office with detailed expense reports, per your instructions.

We are available to discuss any aspect of our billings and scope of this engagement. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph J. Briglia". The signature is written in a cursive style with a large, sweeping initial "J".

Joseph J. Briglia

Vice President

Cc: Mary Beth Hardina, Michael DuCharme