

## LETTER OF INTENT

### **Main Street Triangle Development:**

Approximately 27-acre area located at the northwest corner of 143rd Street and LaGrange Road in the Village of Orland Park, Illinois that is primarily owned or controlled by the Village of Orland Park for the purposes of promoting mixed-use retail, commercial and residential development.

### **Premises:**

~1.50 acres of land and a portion of the first floor of the parking garage located within the Main Street Triangle and designated as Parcel E, per the included Site Plan ("Premises"). The Village of Orland Park and University of Chicago Medical Center ("UCMC") acknowledge that Parcel E is currently part of the existing Downtown Orland Park TIF District ("DOP TIF District"), and that certain Redevelopment Agreement dated March 14, 2025, by and between the Village and E&R Development LLC, an Illinois Limited Liability Company, and recorded among the records of the Cook County Recorder of Deeds (the "RDA").

### **Development Overview:**

**Building (Parcel E):** Within the Premises, and at its sole expense, UCMC will develop a multi-story Musculoskeletal Center with related healthcare services. This new, state-of-the-art center is anticipated to be a minimum of 80,000 square feet and up to a maximum of 120,000 square feet and between three (3) and four (4) stories in height, exclusive of a rooftop penthouse (the "Building"). UCMC will adhere to the Village's usual zoning and appearance review processes as required by applicable law, and the Village of Orland Park will work cooperatively with UCMC regarding the overall design and exterior facade of the Building. The Village acknowledges that the Building is a highly specialized and unique medical facility. UCMC may, in its sole discretion, self-finance and/or self-fund the development of the Building, or UCMC may utilize any third-party financing (including utilizing a third-party developer model with appropriate assignments of certain rights herein) and/or funding as UCMC may elect.

UCMC agrees that it will initially incorporate between 3,000 and 9,000 square feet of the Building's total square footage as ground floor retail space (separate tax PIN needed and the County PIN process will be completed and paid for by UCMC) in the Building for complementary retail uses. Complementary retail uses, for example and without limitation, could be a running shoe and apparel store, a physical or occupational therapy provider, durable medical store, retail pharmacy, café, sandwich shop, ice cream shop, etc.

**Parking:** UCMC will park in the existing parking structure that contains approximately 547 parking spaces (the "Existing Parking Garage"). During the hours of 4:00 am to 5:00 pm on weekdays UCMC and its invitees shall have exclusive use of the 547 parking spaces in the Existing Parking Garage. All Existing Parking Garage spaces shall be available for DOP TIF District users (including UCMC) between 5:00 pm and 4:00 am on weekdays, and all day on weekends and legal holidays.

UCMC shall lease 215 stalls (or such other amounts as UCMC shall need for code compliance) in the Existing Parking Garage for the entire duration of the Ground Lease. The monthly rent shall be in the amount of \$125.00 per parking space per month, and such monthly rent shall commence on the first day of the first month following UCMC's actual physical occupancy and medical use of the building.

UCMC shall have the exclusive use of 100 spaces of the 207 spaces in the existing surface Parking Lot twenty-four hours (24) a day, three hundred sixty-five (365) days a year and shall have exclusive use of the remaining 107 parking spaces

Monday through Friday from 4:00 AM to 5:00 PM. The 107 parking spaces in the surface Parking Lot shall be available to the general public between 5:00 pm and 4:00 am on weekdays, and all day on weekends and legal holidays, but the general public's right to utilize the UCMC's spaces in the Parking Lot shall cease at any time the Village ceases to own the Parking Lot. The Parties will revise the Declaration or the Amendment to the Declaration, as applicable, so as to effect and include the terms of this LOI regarding the parking.

At any time during the term of the Ground Lease, UCMC shall have the ongoing right and option to purchase the Existing Parking Garage from the Village at its then fair market value, minus (i) any rent that UCMC has paid for the parking spaces in the Existing Parking Garage, and (ii) the then present value of the \$11.5 Million Dollars that UCMC initially invested in the construction of the Existing Parking Garage. If the Parties cannot agree on the fair market value of the Existing Parking Garage, the determination of the fair market value will be established using a "baseball" arbitration<sup>1</sup> process conducted by a mutually agreed upon independent third-party appraisal firm skilled and experienced in the design and construction of existing parking garages. If the Village and UCMC cannot mutually agree on an independent third-party engineering firm, then each will select an independent engineering firm, and the selected independent engineering firm will select the independent third-party engineering firm to conduct the baseball arbitration process. Upon such purchase by UCMC and in consideration of the Village's promises set forth in the Ground Lease and especially the granting of the right of UCMC to build on the existing Parking Lot, the Village will retain the right to use the Existing Parking Garage for public parking all day on weekends and holidays and from 5 p.m. through 4 a.m. Monday through Friday, and provided, further, that the Village will pay a pro rata share (based on the days/hours of such permitted usage by the public) of the maintenance, capital repair and replacement, and operating expenses with respect to the Existing Parking Garage.

**Future Development (Parking Lot):** UCMC shall have the right to build another healthcare building ("Future Healthcare Building"), in addition to the Parcel E development, on the existing Parking Lot land located north of the existing UCMC medical center, and to amend the Ground Lease to include such parcel in the Ground Lease (for no additional consideration), which UCMC would then own upon the expiration of the current ground lease. This Future Healthcare Building will be a minimum of 80,000 square feet and up to a maximum of 120,000 square feet in size. UCMC will be required to build structured parking, at its sole cost and expense, that is adequate to service the Future Healthcare Building. UCMC shall have the right to connect the Future Healthcare Building to the future structured parking facility, the MSK building, or UCMC's existing Center for Advanced Care (CAC). In exchange for the Village granting UCMC the right to build on the Parking Lot, UCMC shall grant the Village non-exclusive parking rights to the future structured parking garage on nights, weekends, and holidays, and provided, further, that the Village will pay a pro rata share (based on the days/hours of such permitted usage by the public) of the maintenance, capital repair and replacement, and operating expenses with respect to the future parking garage.

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<sup>1</sup> Baseball arbitration, also known as final offer arbitration, is a dispute resolution process where each party submits a proposed settlement to an arbitrator, who then selects one of the proposals in its entirety without modification. A key goal is to incentivize parties to submit reasonable proposals to one another in the hope of avoiding a settlement that could be less favorable.

**Ground Lessor Village:**

The Village of Orland Park, Illinois (the "Village")

**Ground Lessee UCMC:**

The University of Chicago Medical Center ("UCMC") or The University of Chicago ("UChicago")

**Ground Lease Term:**

The Ground Lease Term shall be Twenty-Five (25) years from the time set forth in "Ground Lease Rent Commencement" below.

**Ground Lease Commencement:**

Ground Lease commencement shall occur upon execution of the Ground Lease by both parties.

**Ground Lease Rent Commencement:**

The Ground Lease Rent Commencement shall occur upon receipt of UCMC's Permanent Certificate of Occupancy from the Village for the Building and opening for business to the public. UCMC shall diligently pursue all approvals, regulatory or otherwise, necessary for the occupancy of the Building and the exclusive use of additional spaces in the Existing Parking Garage. The Ground Lease shall contain reasonable hurdle dates to obtain these approvals. However, UCMC agrees to pay one half (1/2) of the Ground Rent commencing on January 1, 2027 until the Ground Lease Rent Commencement.

**Rental Rate:**

On the basis that the portion of the Premises occupied by UCMC (or any subtenant) is exempt from the assessment and levy of real estate taxes, the ground rental rate for the Premises shall begin on the Rent Commencement Date according to the following schedule:

Years 1-15: \$426,409.00/yr.

Years 16-25: \$426,409.00 in year 16 and reduced by \$11,152.00 annually through year 25.

Year	Annual Ground Rent	Monthly Ground Rent
1	\$ 426,409	\$35,534
2	\$ 426,409	\$35,534
3	\$ 426,409	\$35,534
4	\$ 426,409	\$35,534
5	\$ 426,409	\$35,534
6	\$ 426,409	\$35,534
7	\$ 426,409	\$35,534
8	\$ 426,409	\$35,534
9	\$ 426,409	\$35,534
10	\$ 426,409	\$35,534
11	\$ 426,409	\$35,534
12	\$ 426,409	\$35,534
13	\$ 426,409	\$35,534
14	\$ 426,409	\$35,534
15	\$ 426,409	\$35,534
16	\$ 426,409	\$35,534
17	\$ 415,257	\$34,605
18	\$ 404,104	\$33,675
19	\$ 392,952	\$32,746
20	\$ 381,800	\$31,817
21	\$ 370,648	\$30,887
22	\$ 359,495	\$29,958
23	\$ 348,343	\$29,029
24	\$ 337,191	\$28,099
25	\$ 326,039	\$27,170

**Expiration of Ground Lease:**

Upon the expiration of the Ground Lease, good and marketable fee simple title to the Premises shall be conveyed by the Village to UCMC by special warranty deed without any additional payments or other consideration to the Village. Village to be responsible for any transfer taxes, if any.

**Premises Expenses:**

UCMC shall be responsible for maintaining and insuring all the improvements on the Premises of every kind, at its sole cost and expense. UCMC will own title to all improvements on the Premises.

**Delivery Date:**

The Village shall deliver the Premises to UCMC in a manner that complies with the Delivery Conditions set forth below. Within three weeks of final execution of this Letter of Intent, UCMC and the Village agree to map out a delivery schedule timeline.

**Delivery Conditions:**

The Premises shall be delivered to UCMC by the Village in compliance with applicable environmental laws and regulations consistent with and permitting the development of the Premises to a commercial usage standard. Any additional expense required on account of a higher environmental standard for the intended use of the Premises as a medical facility

shall be the responsibility of UCMC. Any costs that UCMC incurs as a direct result of the Village's failure to deliver the property to a commercial usage environmental standard shall be the responsibility of the Village as such may be described and capped in the Gound Lease. Within three weeks of execution of the Letter of Intent, UCMC and Village shall agree on a procedure and process to handle any environmental remediation, including but not limited to a Soil Management Plan so that known and unknown soil conditions that may be encountered during design and construction activities on the Premises may be addressed in accordance with such Soil Management Plan. At UCMC's reasonable election, any soils removed to bring the Premises into compliance with a commercial usage standard during the abatement process will be replaced with clean fill.

During the development of the Building, UCMC shall be permitted, at no additional cost, to temporarily transfer and deposit environmentally clean excavation spoils from the Premises to a mutually agreed upon off-site location which shall be removed by UCMC, at its sole cost and expense upon completion of the building.

If the Village fails to deliver the site consistent with the Delivery Conditions, the Village will reimburse UCMC for out-of-pocket architecture, planning, zoning and consultant costs associated with the development of the medical facility project. These costs will be defined and capped during Ground Lease negotiations.

The development of Parcel E and the surface parking lot as contemplated by this Letter of Intent will require underground storage facilities for storm water detention and retention the expenses of which shall be borne by UCMC.

#### **Storm Water:**

The Village shall permit UCMC, at UCMC's expense, to design and construct required stormwater detention and retention for all the development activities contemplated by this Letter of Intent beneath either the planned public park to the north of parcel E or beneath Jefferson Avenue or both as the Parties may reasonably agree. This shall include the costs of connecting the retention and detention discharge from the underground facilities to the existing storm-water management system. The Village shall cooperate with UCMC in securing MWRD permits necessary for the development of the Premises.

UCMC shall be responsible for complying with all applicable laws and regulations governing the storage and discharge of stormwater to the Village's existing stormwater facility. This includes, but is not limited to, compliance with the requirements of the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC), the Illinois Department of Natural Resources (IDNR), the Illinois Environmental Protection Agency (IEPA), and any other relevant regulatory agencies.

Other than as set forth above, no current or future costs related to increasing the capacity of the existing storm water management system servicing the Premises or the DOP TIF District due to the development of the proposed Building and improvements shall be transferred to UCMC through tap-in fees, recapture fees or special assessments, provided UCMC adds no additional burden to the system other than the intended use as described in this Letter of Intent.

During the Ground Lease Term and all of its extensions, all storm water management detention and retention facilities for the Premises shall be maintained by the Village, at its sole cost and expense; provided, further, that certain maintenance costs relating to the stormwater management detention and retention facilities will be passed through to other property owners within the DOP TIF District by virtue of the Special Service Area (see Real Estate Taxes; Rent Abatement Paragraph below). UCMC is not currently subject to the Special service Area levy and because of the rent abatement contingency set forth in the Rent Abatement paragraph, UCMC will have no net tax responsibility for those certain maintenance costs. However, UCMC recognizes its responsibility to participate in the cost of maintenance of such stormwater detention facilities. Therefore, the Parties to this LOI shall negotiate and execute a separate written agreement providing for UCMC to pay its share of such costs on an ongoing basis.

**Exclusivity:**

Subject to the rights of any pre-existing leases, so long as UCMC is delivering healthcare-related services at the Building, the Village will use its lawful authority to restrict and prohibit the delivery of medical services on any property within the DOP TIF District. This provision shall not apply to small storefront medical practitioners such as a dentist, or similar healthcare related user which is not materially competing with UCMC and provided such use does not exceed 5,000 square feet and is not part of a competing medical system such as Northwestern Medicine, Advocate Health, Ascension Health, Rush Health, Loyola Medicine, Northshore Health/Endeavor, Duly Health Care, Lurie's Children's Hospital, Little Company of Mary (or OSF)., or their respective successor or merged organizations.

Notwithstanding the foregoing, the Village will prohibit, to the extent that it may lawfully do so, another tenant or property owner within the DOP TIF District from providing the following services: oncology, orthopedics, cardiology, vascular, gastroenterology, urology, endocrinology, neurology, ophthalmology, otorhinolaryngology, rheumatology, dermatology, and pulmonology, if those uses or services are provided within the UCMC Building.

**Site Access:**

Following Ground Lease Commencement and at its sole expense and liability, UCMC shall be granted access to the Premises to begin site work and development-related activities, as well as access to the undeveloped area owned by the Village and identified as the vacant retail on the first floor of the parking garage or the Parcel generally identified as Parcel C, in order to conduct staging and storage activities relating to UCMC's site development activities. If any Village or other facilities are damaged directly as a result and to the extent of activities by UCMC or its agents, UCMC shall restore the damaged facilities to their original condition or be responsible for the full cost of such repairs or replacement.

**Municipal Approvals:**

While formal site plan and design approval will need to be secured by UCMC pursuant to the Village's usual review and approval process, the Village of Orland Park, by virtue of this Letter of Intent acknowledges that it is conceptually supportive of the services to be located within the Building, including the size and scope of the Building, and the number of parking spaces being provided. The Village agrees, upon request of UCMC at any time and from time to time, and at the sole expense of UCMC, to cooperate in seeking necessary easements and rights of way or alteration of existing easements and rights of way upon, under or over the Premises for public utilities, public purposes, access to public facilities, roads and ways, parking, and reciprocal easements, provided such are reasonably necessary for the construction, development and/or operation of the Premises. UCMC acknowledges that it is conceptually supportive of a mixed-use development concept that the Village desires for the northern portion of the DOP TIF District.

**Contingency:**

The Ground Lease shall be contingent upon receipt by UCMC of all required approvals, municipal or otherwise (including, but not limited to, a Certificate of Need ("CON") issued by the Illinois Healthcare Facilities Review Board) necessary, in Ground Lessee's sole judgment, for the development, construction of, and occupancy of the Building and the delivery of the proposed medical services and retail uses at the Building by its tenants (collectively the "Approvals"). UCMC shall have up to 365 calendar days from the expiration of the Due Diligence Period (as hereinafter defined) to obtain these Approvals. Furthermore, following the expiration of the initial 365-day Contingency Period, so long as UCMC is diligently pursuing the receipt of any and all approvals it deems necessary for the development and occupancy of the Premises, then UCMC shall be permitted to extend the Contingency Period for twelve (12) periods of thirty (30) calendar days each. Within 30 calendar days of the execution of the Ground Lease, UCMC shall provide a schedule of all approvals that it reasonably believes are required to develop the Premises as contemplated by this Letter of Intent along with the dates on which it

anticipates filing the applications for those approvals. UCMC shall, thereafter on a monthly basis, provide the Village Manager with an updated schedule of the filing of those applications. Should UCMC not get final approval of its CON, then all Ground Rent payments made, as well as the Redevelopment Contribution, will be promptly refunded to UCMC.

Ground Lessee shall be permitted to terminate the Ground Lease at any time prior to Rent Commencement, at its sole discretion, if it or its tenants are unable to receive any required Approvals or if it anticipates, in its sole judgment, that it is likely that it will be unable to receive in a timely manner any required Approvals.

**Adjacent Parcel Landscaping:**

During the Ground Lease Term and before any permanent development, the Village shall reasonably use its municipal authority to ensure that the parcels immediately to the west and north of the Premises are appropriately maintained.

**Rent Abatement; Real Estate Taxes:**

The parties agree that in the event real estate taxes are imposed on a portion of the Premises other than the portion of the Building leased to non-exempt entities, UCMC shall receive a rent credit for such real estate taxes. Village agrees not to impose any special assessments or taxes against the Premises that are not imposed generally against commercial property located within the DOP TIF District. In the event the Village of Orland Park levies taxes upon the Premises pursuant to a previously established Orland Park Special Service Area (SSA) prior to conveyance of the Premises to UCMC, Village shall reimburse UCMC the amounts of such taxes so levied via abatement of the Ground Rent.

**Due Diligence Period:**

Following the execution of this LOI, UCMC, at its sole cost, shall have a period of 120 calendar days to perform geo-technical and environmental testing, and any other testing and inspections deemed necessary, in its sole discretion, for UCMC to evaluate the Premises. (the "Due Diligence Period"). During the Due Diligence Period, UCMC shall be permitted to terminate this LOI and the Ground Lease for any reason, at its sole discretion.

Notwithstanding the above, UCMC is willing to conduct portions of the Due Diligence related work in advance of the execution of the Ground Lease to accelerate the development schedule and in turn the Rent Commencement Date based upon a mutual early entry agreement that will provide for the Village to permit site investigation activities to be performed prior to Lease execution.

**Hours of Use:**

There will be no restrictions on the Building's hours of use for UCMC beyond already existing Village code limitations. Notwithstanding the above, Village will not contest, with UCMC or before any agency with appropriate jurisdiction, any attempt by UCMC to request hours of use that are similar to other uses of this nature elsewhere in the Chicago metropolitan region. Furthermore, subsequent to the execution of the Ground Lease, if the Village alters the permitted hours of use for the types of services provided at the Premises, then the occupants of the Premises shall be grandfathered, and they shall be permitted to retain the hours of use in place at time of Ground Lease execution.

**Signage:**

In accordance with all applicable Village of Orland Park codes and ordinances, UCMC shall have the right to erect, affix and display such signage as UCMC may consider necessary or desirable on the exterior and interior walls, doors and windows of the Building (including directional and designated accessible parking signage in parking areas) and signs on the exterior of the Building).

**Amendment of Declaration:**

UCMC and the Village of Orland Park will amend the Declaration of Easement and Reciprocal Easement dated August 17, 2015, recorded among the records of the Cook County Recorder of Deeds (the "Records") on September 17, 2015, as Instrument Number 1526018043 (the "Declaration") to include terms and conditions as necessary or appropriate regarding the development of the Premises as described in the Ground Lease.

**Existing Ground Lease:**

Where applicable and appropriate, and subject to any modifications as set forth in the LOI, the UCMC and Village of Orland Park will use the existing Ground Lease dated August 12, 2015 ("Existing Ground Lease") as the form and substance of the Ground Lease contemplated by this LOI.

**Amendment of RDA:**

Prior to or contemporaneously with the execution of the Ground Lease, the Village shall amend the RDA to (i) remove the current developer's (E&R Development LLC and also known as Edwards Realty, LLC, collectively, the "Prior Developer") rights therein, and (ii) grant to UCMC the sole and exclusive rights and options to proceed with the development on the Premises and the Future Development (Parking Lot) area as contemplated by this Letter of Intent and the Ground Lease.

On or around the expiration of the Due Diligence Period (as defined herein), concurrently with the execution of such amendment to the RDA by the Village, UCMC shall pay to the Village a one-time payment of One Million Four Hundred Thousand Dollars (\$1,400,000.00) (the "Redevelopment Contribution"), which the Village shall pay to E&R Development LLC in consideration of the Amendment of the RDA, assignment of rights to UCMC, and to allow UCMC to proceed uninhibited to consummate the development and the transactions contemplated herein.

As used herein, Prior Developer means E&R Development LLC, an Illinois Limited Liability Company, Edwards Realty, LLC, and together with its affiliates, related parties, members, managers, principals, successors, assigns, and any person or entity acting by, through, or under the Prior Developer, directly or indirectly, in whole or in part. as part of the Ground Lease, the Village shall agree to defend, indemnify, and hold harmless UCMC from and against any and all claims, actions, suits, proceedings, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees and court costs) arising out of, relating to, or in connection with the RDA, the Declaration, or the Premises, and the Prior Developer's claims related thereto.

**Best Practices:**

UCMC shall design and construct, with prior Village review and approval, all work contemplated by this Letter of Intent in full compliance with all applicable federal, state, and Village regulations and permit requirements, All work shall adhere to recognized industry standards, applicable building and life-safety codes, pedestrian and vehicle safety requirements, environmental and storm water management regulations.

**Confidentiality; Public Announcements:**

Neither party shall make any public announcement, press release, or other public disclosure regarding this Letter of Intent, the Ground Lease, or the transactions contemplated herein until the Ground Lease has been fully executed by both parties. Following execution of the Ground Lease, no public announcement, press release, or other public disclosure shall be made by either party unless and until both parties have approved the form and content of such disclosure, in writing.

**Non-Binding:**

This LOI does not include material and substantive business terms that still must be negotiated between both parties and therefore is not intended to be, nor should it be considered, a binding agreement, except for the Due Diligence Period, and the Confidentiality; Public Announcements provisions, which shall be binding upon the parties. The terms and conditions set forth herein are subject to final Village of Orland Park and UCMC board approvals and further mutual negotiation and agreement and are not binding upon any party unless, and until, they are embodied in a final and legally binding mutually acceptable agreement(s) signed by all parties. After 90 days from receipt, the LOI shall be void and of no force and effect unless extended by mutual agreement of the parties.

Sincerely,

\_\_\_\_\_  
President, University of Chicago Medical Center

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

\_\_\_\_\_  
Authorized Agent for Village of Orland Park

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

**LOI Site Plan (Premises)**

