

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is made this ___ day of _____, 2013, by and among THE CARLE FOUNDATION, an Illinois not-for-profit corporation ("Carle Foundation"), URBANA SCHOOL DISTRICT #116 ("School District"), an Illinois School District, and the URBANA PARK DISTRICT ("Park District"), an Illinois Park District (collectively, "these parties");

WHEREAS, Carle Foundation owns numerous properties consisting of, or otherwise relating to or used in conjunction with, a Hospital operated by Carle Foundation's controlled affiliate, Carle Foundation Hospital (another Illinois not-for-profit corporation) in the City of Urbana and Cunningham Township, Champaign County, Illinois;

WHEREAS, Carle Foundation filed suit in Champaign County Circuit Court, Case No. 08-L-202, ("2008 Lawsuit"), seeking (among other relief) the following as set forth in its Third Amended Complaint:

- a. To restore charitable property tax exemptions pursuant to Section 23-25(e) of the Property Tax Code for four parcels of real property ("Four Parcels") in Urbana, Illinois, that are owned by Carle Foundation and that are commonly known and numbered as: (i) 611 West Park, PIN 91-21-08-310-001; (ii) 809 West Park Street, PIN 91-21-08-304-018; (iii) 503 North Coler, PIN 91-21-08-307-005; and (iv) 607 North Orchard Street, PIN 91-21-08-309-005.
- b. To obtain refunds of property taxes paid on the Four Parcels for tax years 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011.
- c. To obtain monetary damages against Urbana School District #116, Urbana Park District, the City of Urbana, and Cunningham Township for an alleged breach of an earlier settlement agreement ("2002 Agreement") by the Assessor for Cunningham Township;

WHEREAS, Carle Foundation also filed suit on May 31, 2013, in Champaign County Circuit Court, Case No, 13-CH-170, ("2013 Lawsuit"), to restore charitable property tax exemptions pursuant to Section 23-25(e) of the Property Tax Code with respect to twenty-nine other properties owned by Carle Foundation for tax years 2007, 2008, 2009, 2010 and 2011, and to obtain refunds of the property taxes paid for those years;

WHEREAS, the Park District received a total of approximately one million, nine hundred forty-six thousand dollars (\$1,946,000) from tax payments made by the Carle Foundation for tax years 2004 through 2011 with respect to Carle Foundation property in Urbana, Illinois, that had been exempt from taxation ("Park District Tax Revenues"),

WHEREAS, the School District received a total of approximately ten million, eight hundred ninety-three thousand dollars (\$10,893,000) from tax payments made by the Carle Foundation for tax years 2004 through 2011 with respect to Carle Foundation property in Urbana, Illinois, that had been exempt from taxation ("School District Tax Revenues"),

WHEREAS, these parties, without any suggestion or admission of liability or of the strength or weakness of the claims or defenses asserted in the 2008 Lawsuit or the 2013 Lawsuit, desire to settle between and among themselves all pending and potential claims, disputes, causes of action, controversies and issues relating in any manner to tax payments made by Carle Foundation and received by the Park District and the School District (collectively, the "Districts") for tax years 2004 through 2011 for properties owned by Carle Foundation located in Urbana, Illinois; and

WHEREAS, these parties, without any suggestion or admission of liability or of the strength or weakness of the claims or defenses asserted in the 2008 Lawsuit or the 2013 Lawsuit, desire to settle between and among themselves all pending and potential claims, disputes, causes of action, controversies and issues asserted, arising out of, or otherwise relating in any manner to the 2002 Agreement, the 2008 Lawsuit, and/or the 2013 Lawsuit.

NOW, THEREFORE, for good and valuable consideration, the recital provisions set forth above are incorporated into the body of this Agreement as if fully set forth herein, and these parties agree as follows:

1. PAYMENT BY PARK DISTRICT. After entry of an order dismissing with prejudice the claims asserted by Carle Foundation against the Park District in the 2008 Lawsuit pursuant to the provisions of this Agreement, the Park District will pay to Carle Foundation the total sum of one million, twelve thousand, five hundred dollars (\$1,012,500) in accordance with the following schedule:

- a. Two hundred fifty thousand dollars (\$250,000) by the first of the month following entry of the dismissal order;
- b. One hundred fifty two thousand, five hundred dollars (\$152,500) by July 1, 2014;
- c. One hundred fifty two thousand, five hundred dollars (\$152,500) by July 1, 2015;
- d. One hundred fifty two thousand, five hundred dollars (\$152,500) by July 1, 2016;
- e. One hundred fifty two thousand, five hundred dollars (\$152,500) by July 1, 2017;
and
- f. One hundred fifty two thousand, five hundred dollars (\$152,500) by July 1, 2018.

The Park District may retain and use any Park District Tax Revenues exceeding the amounts set forth above payable to Carle Foundation, as well as any interest earned on any Park District Tax Revenues. The Park District may not reduce or setoff, against the foregoing payments, any sums owed the Park District by Carle Foundation. The Park District may make payments in advance of the due dates set forth above. No interest shall be payable in connection with any sums that are timely paid in accordance with or earlier than the dates set forth in that schedule. Carle Foundation will be entitled to interest at the rate of one-half percent (0.5%) per month, beginning on the due date, on any payment that is not made within thirty (30) days of that due date. The respective rights and obligations of the Park District and Carle Foundation as to the foregoing payments shall not be affected by any adjudicated or negotiated resolution of any of the claims asserted in the 2008 Lawsuit or the 2013 Lawsuit.

2. PAYMENT BY SCHOOL DISTRICT. After entry of an order dismissing with prejudice the claims asserted by Carle Foundation against the School District in the 2008 Lawsuit pursuant to the provisions of this Agreement, the School District will pay to Carle Foundation the total sum of five million, seven hundred thirty seven thousand, five hundred dollars (\$5,737,500) in accordance with the following schedule:

- a. Three million, seven hundred fifty thousand dollars (\$3,750,000) by the first of the month following entry of the dismissal order;
- b. Three hundred ninety-seven thousand, five hundred dollars (\$397,500) by July 1, 2014;
- c. Three hundred ninety-seven thousand, five hundred dollars (\$397,500) by July 1, 2015;
- d. Three hundred ninety-seven thousand, five hundred dollars (\$397,500) by July 1, 2016;
- e. Three hundred ninety-seven thousand, five hundred dollars (\$397,500) by July 1, 2017; and
- f. Three hundred ninety-seven thousand, five hundred dollars (\$397,500) by July 1, 2018.

The School District may retain and use any School District Tax Revenues exceeding the amounts set forth above payable to Carle Foundation, as well as any interest earned on any School District Tax Revenues. The School District may not reduce or setoff, against the foregoing payments, any sums owed the School District by Carle Foundation. The School District may make payments in advance of the due dates set forth above. No interest shall be payable in connection with any sums that are timely paid in accordance with or earlier than the dates set forth in that schedule. Carle Foundation will be entitled to interest at the rate of one-half percent (0.5%) per month, beginning on the due date, on any payment that is not made within thirty (30) days of that due date. The respective rights and obligations of the School District and Carle Foundation as to the foregoing payments shall not be affected by any adjudicated or negotiated resolution of any of the claims asserted in the 2008 Lawsuit or the 2013 Lawsuit.

3. CARLE FOUNDATION'S RELEASE AND WAIVER. Carle Foundation agrees to accept the stated sums from the Park District and the School District in total satisfaction of any and all claims Carle Foundation has asserted, could have asserted, or believes at any time in the future that it could assert against the Districts arising out of or relating to breach of the 2002 Agreement, reimbursement for amounts paid by Carle Foundation pursuant to the 2002 Agreement or in real estate taxes for tax years 2004 through 2011 on any of its real estate in the City of Urbana, Urbana School District or Urbana Park District boundaries, for interest on any of the foregoing sums, and for attorneys' fees and costs of suit incurred by Carle Foundation in the 2008 Lawsuit or the 2013 Lawsuit. Carle Foundation fully and completely waives, releases, and forever discharges the Districts, and each of their current or previous Board members, officers, employees, agents, and attorneys (collectively, the "Districts' Releasees") from any and all claims, charges, actions, causes of action, damages, interest, attorneys' fees, allegations, or demands (collectively, "Claims") that were, or could ever be,

asserted in a claim or lawsuit by Carle Foundation relating to the 2002 Agreement including, but not limited to, Claims for reimbursement of amounts paid by Carle Foundation and Claims of breach of the 2002 Agreement. Carle Foundation specifically waives any Claims it asserted, could have asserted, or believes at any time in the future that it could assert for breach of the 2002 Agreement against the Districts on any basis, including the theory of joint and several liability. Carle Foundation fully and completely waives, releases, and forever discharges the Districts' Releasees from any and all Claims that were, or could ever be, asserted by Carle Foundation related to the assessments on any of its real estate in the City of Urbana, Urbana School District or Urbana Park District boundaries, for tax years 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011, and Claims for reimbursement for any other amounts paid by Carle Foundation in real estate taxes for tax years 2004 through 2011 on any of its real estate in the City of Urbana, Urbana School District or Urbana Park District boundaries, for interest on any of the foregoing sums, and for attorneys' fees and costs of suit incurred by Carle Foundation with respect to any such claim or lawsuit. Nothing in this paragraph is intended, or shall be construed, to impair Carle Foundation's ability to enforce the terms of this Agreement or to assert any Claims against any persons other than the Districts' Releasees.

4. THE DISTRICTS' RELEASES AND WAIVERS. The Districts, and each of them, fully and completely waive, release, and forever discharge Carle Foundation and its current or former affiliates (*i.e.*, legal entities controlled by Carle Foundation or in which Carle Foundation possesses an ownership interest), and any of their Board members, officers, employees, agents, and attorneys (collectively, the "Carle Releasees") from any and all Claims that were, or could ever be, asserted against the Carle Releasees, or any of them, by the Districts arising out of or relating to (a) the 2002 Agreement, including but not limited to any Claims for additional payments under or breach of that agreement, (b) property taxes owed by Carle Foundation for tax years 2004 through 2011 for any of its real estate in the City of Urbana, Urbana School District or Urbana Park District boundaries, including but not limited to any Claims that Carle Foundation is not entitled to a refund of taxes paid, and (c) the 2008 Lawsuit or the 2013 Lawsuit. Nothing in this paragraph is intended, or shall be construed, to impair the Districts' ability to enforce the terms of this Agreement or to assert any Claims against any persons other than the Carle Releasees.

5. INDEMNIFICATION AND HOLD HARMLESS AGREEMENTS.

(a) These parties acknowledge that Carle Foundation's claims in the 2008 Lawsuit and/or the 2013 Lawsuit might cause the Champaign County Collector, Treasurer, Clerk, or other county official to pay a refund to Carle Foundation for all or part of taxes paid for tax years 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011. If, notwithstanding Carle Foundation's waiver of its right to receive a refund from the Park District and School District, the Champaign County Collector, Treasurer, Clerk, or other county official issues a refund to Carle Foundation for tax years 2004, 2005, 2006, 2007, 2008, 2009, 2010, and/or 2011, and any portion of that refund is paid or withheld from Park District and School District funds, or results in a reduction of Park District or School District property tax revenue, Carle Foundation agrees, within 30 days of receipt and determination of the amount of such funds, to reimburse the Park District and School District for all sums that were paid or withheld from or that reduced, their respective property tax revenue; provided, however, that Carle Foundation shall not be required to reimburse any of the Districts that have not fully complied with their then-current payment obligations under Paragraphs 1 or 2 of this Agreement. After 30 days from the due date of any

reimbursement owed by Carle Foundation, the Districts will be entitled to interest on any unpaid reimbursement at the rate of one-half percent (0.5%) per month.

(b) Additionally, Carle Foundation agrees to indemnify the School District and Park District and the Districts' Releasees as to any (i) judgments entered against either or both of the Districts, (ii) interest that accrues on any such judgment against either or both of the Districts, and (iii) liability of either or both of the Districts for any amounts, including interest, pursuant to any settlement agreement entered into with the consent of Carle Foundation; provided that any such judgments, interest, or liability derives from a Claim by any person or entity relating to: (a) the 2008 or 2013 Lawsuits, (b) the assessments giving rise to the 2008 or 2013 Lawsuits, (c) the 2002 Agreement, and/or (d) the dismissal of the Districts from the 2008 Lawsuit. Carle Foundation agrees to discharge the indemnification obligation contained in the preceding sentence by paying directly to any third parties entitled to payment, pursuant to a settlement agreement or a final judgment not subject to further appellate review, all sums to which the indemnification obligation applies.

(c) In accordance with (i) the provisions regarding indemnification set forth in subparagraphs (a) and (b), above, and (ii) the provisions regarding the defense of the Park District and the School District set forth in Paragraphs 8 and 9, below, Carle Foundation agrees to hold harmless the Districts and the Districts' Releasees as to Claims filed against either or both of the Districts or the Districts' Releasees by any person or entity relating to: (a) the 2008 or 2013 Lawsuits, (b) the assessments giving rise to the 2008 or 2013 Lawsuits, (c) the 2002 Agreement, and/or (d) the dismissal of the Districts from the 2008 Lawsuit.

6. PRIOR AGREEMENTS. This Agreement contains the complete and entire agreement between these parties and supersedes any prior or contemporaneous understandings, agreements or representations by or between these parties, written or oral, which may have related to the subject matter hereof in any way. These parties each acknowledge and agree that (a) they were not induced to enter into this Agreement by any representation, promise, or statement made by any of the other parties other than what is expressly stated in this Agreement, and (b) they each waive with respect to the others any and all duties and obligations that might otherwise have arisen under the 2002 Agreement, it being the intent and understanding of these parties that the 2002 Agreement shall be void and of no further force and effect between and/or among them. Nothing in this paragraph is intended, or shall be construed, to impair Carle Foundation's ability to assert any and all Claims against any persons other than the Districts' Releasees arising out of or relating to the 2002 Agreement.

7. DISMISSAL OF CARLE FOUNDATION CLAIMS AGAINST THE DISTRICTS. Within five (5) business days of the approval and signature of this Settlement Agreement by each of these parties, Carle Foundation agrees to file a motion to dismiss with prejudice the School District and the Park District as party defendants from the 2008 Lawsuit, and the School District agrees to file a motion to dismiss with prejudice its counterclaim in the 2008 Lawsuit against Cunningham Township and the Cunningham Township Assessor. Carle Foundation and the School District agree to seek a hearing on their motions to dismiss as soon as reasonably possible. Carle Foundation agrees never to join the School District or Park District as defendants in the 2013 Lawsuit and hereby waives any right it may otherwise have to do so.

8. DEFENSE OF PARK DISTRICT. At its sole cost and expense and via counsel of its selection, Carle Foundation agrees to provide representation and defense to the Park District with respect to any Claims against the Park District with respect to the 2008 Lawsuit, the 2013 Lawsuit, the assessments giving rise to the 2008 or 2013 Lawsuits, the 2002 Agreement, or the enforcement or legality of this Agreement. With respect to any Claims to which this defense obligation applies, and to the fullest extent allowed by law, the Park District agrees to waive any conflicts of interest associated with its representation, either individually or jointly, by counsel that represents the School District and the Carle Foundation, or either of them, including but not limited to the law firms of McDermott, Will & Emery LLP, Neal, Gerber & Eisenberg LLP, and Thomas, Mamer & Haughey LLP, or any lawyers with any of those firms. This defense obligation shall not apply to (a) representation of any representatives, agents, or employees of the Park District in connection with their being called as witnesses (at depositions or otherwise) in conjunction with the 2008 or 2013 Lawsuits, (b) any Claims by Carle Foundation for breach of this Agreement, and (c) any lawsuit or other proceeding, except for the 2008 and 2013 Lawsuits, in which the Park District has asserted, or wishes to assert, any Claims, including any counterclaims, cross-claims, or third-party claims. Nothing in the preceding sentence is intended, or shall be construed, to require the Carle Foundation to defend the Park District in the 2008 or 2013 Lawsuits if the Park District files any counterclaims, cross-claims, or third-party claims in those lawsuits after the date of this Agreement.

9. DEFENSE OF SCHOOL DISTRICT. At its sole cost and expense and via counsel of its selection, Carle Foundation agrees to provide representation and defense to the School District with respect to any Claims against the School District with respect to the 2008 Lawsuit, the 2013 Lawsuit, the assessments giving rise to the 2008 or 2013 Lawsuits, the 2002 Agreement, or the enforcement or legality of this Agreement. With respect to any Claims to which this defense obligation applies, and to the fullest extent allowed by law, the School District agrees to waive any conflicts of interest associated with its representation, either individually or jointly, by counsel that represents the Park District and the Carle Foundation, or either of them, including but not limited to the law firms of McDermott, Will & Emery LLP, Neal, Gerber & Eisenberg LLP, and Thomas, Mamer & Haughey LLP, or any lawyers with any of those firms. This defense obligation shall not apply to (a) representation of any representatives, agents, or employees of the School District in connection with their being called as witnesses (at depositions or otherwise) in conjunction with the 2008 or 2013 Lawsuits, (b) any Claims by Carle Foundation for breach of this Agreement, and (c) any lawsuit or other proceeding, except for the 2008 and 2013 Lawsuits, in which the School District has asserted, or wishes to assert, any Claims, including any counterclaims, cross-claims, or third-party claims. Nothing in the preceding sentence is intended, or shall be construed, to require the Carle Foundation to defend the School District in the 2008 or 2013 Lawsuits if the School District files any counterclaims, cross-claims, or third-party claims in those lawsuits after the date of this Agreement.

10. REPRESENTATIONS AND WARRANTIES OF CARLE FOUNDATION. Carle Foundation represents and warrants that it is a duly organized, validly existing not for profit corporation in good standing under the laws of the State of Illinois and has full power and authority to enter into this Agreement. Carle Foundation further represents and warrants that the person executing and delivering this Agreement is acting pursuant to proper authorization and that this Agreement is the valid and binding obligation of Carle Foundation, enforceable in accordance with its terms.

11. REPRESENTATIONS AND WARRANTIES OF SCHOOL DISTRICT AND PARK DISTRICT. The Park District and School District represent and warrant that (a) they are units of local government organized in good standing under the laws of the State of Illinois, (b) they have full power and authority to enter into this Agreement, (c) their respective governing boards have authorized the execution of this Agreement at duly called meetings, and (d) the persons executing and delivering this Agreement on behalf of the Park District and School District, respectively, are acting pursuant to proper authorization and that this Agreement is the valid and binding obligation of the entity on whose behalf they have signed, enforceable in accordance with its terms.

12. PRESS RELEASE. These parties agree to issue a mutually acceptable press release about this settlement in connection with the approval and signing of this Agreement by their respective governing boards. These parties each acknowledge that after all these parties have signed this agreement, each of them may further discuss and/or circulate this Agreement and the terms of settlement publicly, whether by officers, elected officials, administrators, employees, agents and/or otherwise, it being the understanding of these parties that the terms of this Agreement shall not be construed to be confidential in any manner.

13. CONSTRUCTION. All headings used in this Agreement are for convenience and reference only and have no significance in the interpretation or construction of this Agreement. Unless otherwise required by context, the singular shall include the plural, and vice-versa as the context may require.

14. MODIFICATION. No amendment, modification, restatement, supplement, termination or waiver of or to, or consent to any departure from, any provisions of this Agreement shall be effective unless the same shall be in writing and signed on behalf of all these parties. Any waiver of any provision of this Agreement and any consent to any departure by a party from the terms of any provisions of this Agreement shall be effective only in the specified instance and for the specific purpose for which given.

15. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

16. ATTORNEYS' FEES. Each prevailing party shall be entitled to recover its reasonable attorneys' fees and other expenses in connection with any litigation between any of these parties relating to enforcement or validity of this Agreement.

17. SIGNATURES. This Agreement may be signed in counterparts and shall be as valid as if the signatures upon each counterpart were upon the same document.

IN WITNESS WHEREOF, these parties have caused this Agreement to be executed as of the date set forth above.

THE CARLE FOUNDATION

By: [Signature]
Its: CEO
Date: 10/11/13

URBANA SCHOOL DISTRICT # 116

By: [Signature]
Its: President
Date: 10/15/13

URBANA PARK DISTRICT

By: [Signature]
Its: President
Date: 10/15/2013