

PRIVATE PLACEMENT MEMORANDUM

NEW ISSUE – (BOOK-ENTRY ONLY)

NOT RATED

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Series 2011 Bonds will not be includable in gross income for federal income tax purposes. The interest thereon is not required to be included as an item of tax preference for purposes of computing individual or corporate "alternative minimum taxable income" but must be taken into account as earnings and profits of a corporation when computing, for example corporate minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2011 Bonds is not exempt from Illinois income taxes. See "TAX EXEMPTION" herein.

\$13,590,000

CITY OF EVANSTON

Educational Facility Revenue Bonds, Series 2011

(Roycemore School Project)

Dated: Date of Delivery

Due: July 1, as shown below

The City of Evanston Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project) (the "Series 2011 Bonds") to be issued by the City of Evanston, Illinois (the "City") will be issued under a Bond Trust Indenture, dated as of July 1, 2011, between the City and Wells Fargo Bank, N.A., as trustee 2011 (the "Indenture"), and pursuant to Ordinance No. 60-O-11 passed by the City Council of the City on July 11, 2011 (the "Ordinance"). The Series 2011 Bonds are issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. When issued, the Series 2011 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2011 Bonds will be made in book-entry only form. Purchasers of beneficial interests in the Series 2011 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2011 Bonds. Interest on the Series 2011 Bonds, together with the principal of and redemption premium, if any, on the Series 2011 Bonds, will be paid directly to DTC, so long as the Series 2011 Bonds are held in book-entry only form. The final disbursements of such payments to the Beneficial Owners of the Series 2011 Bonds will be the responsibility of DTC, the DTC Participants and the Indirect Participants, all as defined and more fully described herein. See "DESCRIPTION OF THE SERIES 2011 BONDS – Book-Entry Only System."

The Series 2011 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2011 BONDS – Redemption Provisions."

The Series 2011 Bonds are limited obligations of the City, payable solely from the payments to be made on the Promissory Note, Series 2011, issued by Roycemore School, an Illinois not for profit corporation (the "Borrower"), on the date of issuance of the Series 2011 Bonds pursuant to a Loan Agreement dated as of July 1, 2011, between the City and the Borrower and from certain funds pledged under the Indenture. THE SERIES 2011 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS, IF ANY, OF THE CITY OR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS OR OTHER COSTS INCIDENTAL THERETO, EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE. NO OWNER OF ANY SERIES 2011 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2011 BONDS.

The Series 2011 Bonds are being issued to obtain moneys which will be used to provide the Borrower with a portion of the funds necessary to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "Campus") with an existing three level, 66,000 square foot building (the "Facility" and together with the Campus, the "School Facility"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (collectively, the "Project"); (iv) pay capitalized interest with respect to certain portions of the Project; (v) certain working capital for the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the Series 2011 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

THIS COVER PAGE CONTAINS ONLY A SUMMARY OF INFORMATION REGARDING THE SERIES 2011 BONDS. POTENTIAL INVESTORS SHOULD READ THE ENTIRE PRIVATE PLACEMENT MEMORANDUM PRIOR TO MAKING AN INVESTMENT DECISION.

The Series 2011 Bonds are being offered when, as and if issued by the City, and subject to the approval of legality by Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel to the City. Certain legal matters will be passed upon for the City by its special counsel, Chapman and Cutler LLP, Chicago, Illinois; for the Borrower by its counsel, Applegate & Thorne-Thomsen, P.C., Chicago, Illinois; and for the Placement Agent by its counsel, Barnes & Thornburg LLP, Chicago, Illinois. It is expected that the Series 2011 Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about July 21, 2011.

Oppenheimer & Co. Inc.

Dated: July 18, 2011

\$13,590,000
CITY OF EVANSTON
Educational Facility Revenue Bonds, Series 2011
(Roycemore School Project)

\$7,865,000 7.750% Series 2011 Term Bonds Due July 1, 2030 (Price 100.00%) CUSIP 299231AA8
\$1,545,000 8.000% Series 2011 Term Bonds Due July 1, 2035 (Price 100.00%) CUSIP 299231AB6
\$4,180,000 8.250% Series 2011 Term Bonds Due July 1, 2041 (Price 100.00%) CUSIP 299231AC4

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM (WHICH TERM, WHENEVER USED HEREIN, WILL BE DEEMED TO INCLUDE THE FRONT COVER, THE TABLE OF CONTENTS AND ALL OF THE APPENDICES TO THIS PRIVATE PLACEMENT MEMORANDUM), AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY, THE BORROWER OR THE PLACEMENT AGENT. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2011 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN RELATING TO THE CITY UNDER THE HEADINGS "THE CITY" AND "LITIGATION – THE CITY" HAS BEEN OBTAINED FROM THE CITY. ALL OTHER INFORMATION HEREIN HAS BEEN OBTAINED FROM THE BORROWER, AND FROM OTHER SOURCES REFERENCED THROUGHOUT THIS PRIVATE PLACEMENT MEMORANDUM WHICH THE BORROWER BELIEVES TO BE RELIABLE. THE CITY HAS NOT REVIEWED OR APPROVED ANY INFORMATION IN THIS PRIVATE PLACEMENT MEMORANDUM EXCEPT INFORMATION RELATING TO THE CITY UNDER THE HEADINGS "THE CITY" AND "LITIGATION – THE CITY".

THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE BORROWER SINCE THE DATE HEREOF.

THE PLACEMENT AGENT HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRIVATE PLACEMENT MEMORANDUM. THE PLACEMENT AGENT HAS REVIEWED THE INFORMATION IN THIS PRIVATE PLACEMENT MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE PLACEMENT AGENT DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS PRIVATE PLACEMENT MEMORANDUM IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES DESCRIBED IN IT, AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSES. THE INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION IN THIS PRIVATE PLACEMENT MEMORANDUM ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM NOR ANY SALE OF THE SERIES 2011 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY, THE BORROWER OR ANY OTHER PERSON DESCRIBED HEREIN SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

THE SERIES 2011 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY, THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY CITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

This Private Placement Memorandum contains "forward-looking statements." When used in this Private Placement Memorandum, the words "estimate," "intend," "expect," "plan," "budget" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statement.

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PRIVATE PLACEMENT MEMORANDUM

relating to

\$13,590,000

City of Evanston

Educational Facility Revenue Bonds, Series 2011

(Roycemore School Project)

INTRODUCTION

The purpose of this Private Placement Memorandum is to set forth certain information concerning the issuance and sale by the City of Evanston, Illinois (the "City") of its \$13,590,000 City of Evanston Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project), dated their date of delivery (the "Series 2011 Bonds"). The Series 2011 Bonds are being issued pursuant to a Bond Trust Indenture dated as of July 1, 2011 (the "Indenture"), between the City and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and pursuant to the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois. The Series 2011 Bonds are being issued to obtain moneys which will be used to provide the Borrower with a portion of the funds necessary to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "Campus") with an existing three level, 66,000 square foot building (the "Facility" and together with the Campus, the "School Facility"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (collectively, the "Project"); (iv) pay capitalized interest with respect to certain portions of the Project; (v) certain working capital for the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the Series 2011 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS." The City will lend the proceeds of the Series 2011 Bonds to the Borrower through the purchase of the Promissory Note, Series 2011, issued by the Borrower on the date of issuance of the Series 2011 Bonds (the "Series 2011 Note") pursuant to a Loan Agreement dated as of July 1, 2011 (the "Loan Agreement"), between the City and the Borrower.

The City, pursuant to the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, is a municipality and home rule unit of the State of Illinois. The City is authorized and empowered to exercise any power or perform any function pertaining to its government or affairs, including the issuance of revenue bonds to finance projects within the territorial limits of the City or to refund bonds issued to finance said projects, and may authorize the issuance of such bonds by ordinance of the City for the purpose of loaning funds to the Borrower for such purposes, such bonds to be secured by instruments evidencing and securing such loans to the Borrower and to be payable solely out of the payments made by the Borrower thereon, and to enter into a trust indenture providing for the issuance of such bonds and for their payment and security.

The City has a Council/Manager form of government with an elected Mayor. The Mayor is elected for a four-year term. The Aldermen each represent one of nine wards and are elected to terms of four years. See "THE CITY."

The Borrower is a not-for-profit Illinois corporation. The Borrower is qualified to do business in the State of Illinois and is a 501(c)(3) organization as determined by the Internal Revenue Service. The Borrower owns and operates an independent, accredited, coeducational college-preparatory day school for students in Junior Kindergarten through Grade 12. See APPENDIX A, "FINANCIAL STATEMENTS OF THE BORROWER."

The Series 2011 Bonds are limited obligations of the City and will be payable solely from the payments to be made on the Series 2011 Note, amounts payable under the Loan Agreement (except for certain Unassigned Rights), certain funds pledged under the Indenture and certain income from the investment of the foregoing. The Series 2011 Bonds and certain future indebtedness are further secured by a mortgage lien on the Campus, including the Project, as well as a pledge of the Borrower's Gross Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS – Mortgage" and "Appraisal of Mortgaged Property" herein.

THE SERIES 2011 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS, IF ANY, OF THE CITY OR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS OR OTHER COSTS INCIDENTAL THERETO, EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE. NO OWNER OF ANY SERIES 2011 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2011 BONDS. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS."

The information contained under the caption "INTRODUCTION" is qualified by reference to the entire Private Placement Memorandum, including the Appendices hereto. This introduction is only a brief description, and a full review should be made of the entire Private Placement Memorandum, including the Appendices, as well as the documents summarized or described herein. The descriptions of and references to all of the documents, statutes and other instruments referred to and included in this Private Placement Memorandum, including the Appendices, do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. The order and placement of materials in this Private Placement Memorandum, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Private Placement Memorandum, including the Appendices, which are integral parts of this Private Placement Memorandum, must be considered in its entirety. All capitalized terms used in this Private Placement Memorandum that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture and the Loan Agreement, copies of which are attached hereto as APPENDIX B and APPENDIX C.

PLAN OF FINANCING

Proceeds of the Series 2011 Bonds will be used by the Borrower to provide a portion of the funds necessary to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "Campus") with an existing three level, 66,000 square foot building (the "Facility" and together with the Campus, the "School Facility"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (collectively, the "Project"); (iv) pay capitalized interest with respect to certain portions of the Project; (v) certain working capital for the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the Series 2011 Bonds. The

City makes no warranty or representation, whether express or implied, with respect to the Project or the location, use, operation, design, workmanship, merchantability, fitness, suitability or use for particular purpose, condition or durability thereof or title thereto.

DESCRIPTION OF THE SERIES 2011 BONDS

The following is a summary of certain provisions applicable to the Series 2011 Bonds. Reference is made to the Indenture, a copy of which is included in APPENDIX B, for a more complete description of the Series 2011 Bonds. The discussion herein is qualified by such reference.

General Description

The Series 2011 Bonds will be issued only in fully registered form in denominations of \$5,000 or any integral multiple thereof ("Authorized Denominations"). The Series 2011 Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the respective rates per annum and mature, subject to earlier redemption, in the amounts and on the dates set forth on the cover page of this Private Placement Memorandum. The Series 2011 Bonds will bear interest from their dates, payable on January 1 and July 1 (the "Interest Payment Dates") of each year, commencing January 1, 2012. The Series 2011 Bonds, as initially issued, will be dated their date of delivery.

The Series 2011 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2011 Bonds. Individual purchases of interests in the Series 2011 Bonds will be made in book-entry form only, in Authorized Denominations. Purchasers of such interests will not receive certificates representing their interest in the Series 2011 Bonds. So long as Cede & Co. is the registered owner, the Trustee will pay such principal of and redemption price, if any, and interest on the Series 2011 Bonds to DTC, which will remit such principal, redemption price, if any, and interest to the Beneficial Owners (as hereinafter defined) of the Series 2011 Bonds. For a description of the method of payment of principal, and interest on the Series 2011 Bonds and matters pertaining to transfers and exchanges while in the book-entry only system, see the information herein under the heading "DESCRIPTION OF THE SERIES 2011 BONDS – Book-Entry Only System." For additional information with respect to the payment of the principal and interest on the Series 2011 Bonds, see "DESCRIPTION OF THE SERIES 2011 BONDS – Payment of Principal and Interest."

Payment of Principal and Interest

The principal of, premium, if any, and interest on the Series 2011 Bonds are payable solely from (a) payments or prepayments on the Series 2011 Note, (b) payments or prepayments made under the Loan Agreement (other than Unassigned Rights), (c) moneys and investments held by the Trustee under, and to the extent provided in, the Indenture and (d) in certain circumstances, proceeds from insurance, condemnation awards and proceeds from sales made under threat of condemnation, which Series 2011 Note and payments are hereby specifically assigned and pledged to the payment of the Series 2011 Bonds in the manner and to the extent herein specified, and nothing in the Series 2011 Bonds or in the Indenture shall be considered as assigning or pledging any funds or assets of the City (except the moneys, the Series 2011 Note and the Loan Agreement pledged under the Indenture). Such payments are further secured by the Mortgage.

In the event the book-entry only system is discontinued, the following provisions would apply. The principal of, premium, if any and interest on the Series 2011 Bonds at maturity or redemption shall be payable (i) upon presentment at the designated corporate trust office of the Trustee, or its agent or successor as Trustee or any alternate paying agent, if any, named in the Series 2011 Bonds or (ii) as to

any registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of funds sent on the principal payment date to such wire transfer address within the continental United States as such registered owner shall have furnished to the Trustee in writing on or prior to the Record Date for the principal payment date and upon compliance with the reasonable requirements of the Trustee. Payment of interest on any Bond on any Interest Payment Date will be made to the person appearing on the Bond Register as the registered owner at the close of business on the Record Date for such interest payment and shall be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner's address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such registered owner prior to the applicable Record Date, or (ii) as to any registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Trustee in writing by the Record Date for such interest payment and upon compliance with the reasonable requirements of the Trustee.

In the event of default in the payment of interest due on such Interest Payment Date, defaulted interest will be payable to the person in whose name such Series 2011 Bond is registered at the close of business on a special record date. The Trustee shall fix a special record date which shall be not more than 15 or less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Borrower of such special record date and cause notice to be mailed, first-class postage prepaid, not less than 10 days prior to such special record date to each owner of the Series 2011 Bonds.

Notwithstanding the foregoing, payments of the principal of and interest on any Series 2011 Bonds and all notices with respect to the Series 2011 Bonds that are subject to the book-entry system as provided in the Indenture shall be made in accordance with the rules, regulations and procedures established by the securities depository in connection with the book-entry system. See "DESCRIPTION OF THE SERIES 2011 BONDS – Book-Entry Only System".

Redemption Provisions

The Series 2011 Bonds will be subject to optional, mandatory and extraordinary redemption, all as described below.

Optional Redemption. Outstanding Series 2011 Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity on or after July 2, 2021 at the option of the City upon direction of the Borrower out of amounts prepaid on the Series 2011 Note and deposited in the Optional Redemption Fund, in whole or in part at any time, and if in part by maturities or portions thereof designated by the Borrower (and if less than all of a single maturity is being redeemed, in such manner as the Trustee shall deem appropriate), at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

Bond Sinking Fund Redemption. The Series 2011 Bonds maturing on July 1, 2030 are subject to mandatory Bond Sinking Fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The City shall cause to be deposited into the Bond Sinking Fund a sum that is sufficient to redeem on July 1 of each of the following years (after credit as provided below) the following principal amounts of Series 2011 Bonds, plus accrued interest to the redemption date:

<u>Date (July 1)</u>	<u>Amount</u>
2014	\$205,000
2015	255,000
2016	275,000
2017	300,000
2018	320,000
2019	345,000
2020	375,000
2021	405,000
2022	435,000
2023	470,000
2024	505,000
2025	545,000
2026	590,000
2027	635,000
2028	680,000
2029	735,000
2030*	790,000

*Final Maturity.

The Series 2011 Bonds maturing on July 1, 2035 are subject to mandatory Bond Sinking Fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The City shall cause to be deposited into the Bond Sinking Fund a sum that is sufficient to redeem on July 1 of each of the following years (after credit as provided below) the following principal amounts of Series 2011 Bonds, plus accrued interest to the redemption date:

<u>Date (July 1)</u>	<u>Amount</u>
2031	\$265,000
2032	285,000
2033	305,000
2034	330,000
2035*	360,000

*Final Maturity.

The Series 2011 Bonds maturing on July 1, 2041 are subject to mandatory Bond Sinking Fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The City shall cause to be deposited into the Bond Sinking Fund a sum that is sufficient to redeem on July 1 of each of the following years (after credit as provided below) the following principal amounts of Series 2011 Bonds, plus accrued interest to the redemption date:

<u>Date (July 1)</u>	<u>Amount</u>
2036	\$385,000
2037	420,000
2038	455,000
2039	490,000
2040	530,000
2041*	1,900,000

*Final Maturity.

Extraordinary Optional Redemption. The Series 2011 Bonds shall be subject to extraordinary optional redemption by the City prior to their scheduled maturities, in whole or in part and if in part by

maturities or portions thereof designated by the Borrower (and if less than all of a maturity is being redeemed, in such manner as the Trustee shall deem appropriate), at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date without premium in the event of damage to or destruction of, or the condemnation of, or sale consummated under threat of condemnation of, the Project or any part thereof, if the Net Proceeds of insurance, condemnation or sale received in connection therewith and applied to make prepayments on the Series 2011 Note exceed \$250,000.

If called for redemption in the events referred to in the paragraph above, the Series 2011 Bonds shall be subject to redemption by the City at any time in whole or in part, and if in part by maturities or portions thereof designated by the Borrower (and if less than all of a maturity is being redeemed, in such random manner as the Trustee shall deem appropriate), at the principal amount thereof plus accrued interest to the redemption date and without premium from the Net Proceeds of such insurance or condemnation award but not in excess of the amount of such Net Proceeds applied to such purpose.

Selection for Redemption. No optional or extraordinary optional redemption of less than all of the Series 2011 Bonds at the time outstanding shall be made unless the total amount of funds available and to be used for such partial redemption for the Series 2011 Bonds is equal to or more than \$100,000 and is an integral multiple of \$5,000. In lieu of redeeming Series 2011 Bonds, the Trustee may, at the request of the Borrower, use such funds otherwise available under the Indenture for redemption of Series 2011 Bonds to purchase Series 2011 Bonds in the open market at a price not exceeding the redemption price then applicable under the Indenture. In the case of any optional or extraordinary redemption or purchase and cancellation of Series 2011 Bonds with serial maturities, the City shall receive credit against its required Bond Sinking Fund deposits with respect to such Series 2011 Bonds. In the case of any optional or extraordinary redemption or any purchase and cancellation of term Series 2011 Bonds, the City shall receive credit against its required Bond Sinking Fund deposits with respect to the Series 2011 Bonds of the same maturity in such order as the Borrower shall designate prior to such optional or extraordinary redemption or purchase and cancellation or, if no such election is made, in the inverse order thereof.

Notice of Redemption. Notice of the call for any redemption shall state the following: (i) the name of the bond issue, (ii) the CUSIP number and bond certificate number of the Series 2011 Bonds to be redeemed, (iii) the original dated date of the bond issue, (iv) the interest rate and maturity date of the Series 2011 Bonds to be redeemed, (v) the date of the redemption notice, (vi) the redemption date, (vii) the redemption price and (viii) the address and telephone number of the designated corporate trust office of the Trustee. The redemption notice shall be given by mailing a copy of such notice of redemption by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the registered owners of the Series 2011 Bonds to be redeemed to the address shown on the Bond Register; provided, however, that failure to give such notice by mailing or a defect in the notice or the mailing as to any Series 2011 Bond will not affect the validity of any proceedings for redemption as to any other Series 2011 Bond for which notice is properly given. While the Series 2011 Bonds are subject to the book-entry system of the Securities Depository, redemption notices will be given to the Securities Depository.

Except for a mandatory sinking fund redemption, prior to the date that the redemption notice is mailed as aforesaid, funds shall be placed with the Trustee to pay such Series 2011 Bonds and accrued interest thereon to the redemption date and the premium, if any, or such notice shall state that the redemption is conditional on such funds being deposited on the redemption date and that failure to make such a deposit shall not constitute an event of default under the Indenture. Upon the happening of the above conditions, the Series 2011 Bonds, or portions thereof, thus called for redemption shall not bear interest after the applicable redemption date, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. The Trustee shall redeem or purchase, in the manner provided in the Indenture, such an aggregate principal amount of Series 2011 Bonds at the

principal amount thereof plus accrued interest to the redemption date, and premium, if any, as will exhaust as nearly as practicable such funds. At the direction of the Borrower, such funds may be invested in Government Obligations until needed for such redemption. If any owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds to be redeemed on a single day delivers such Series 2011 Bonds for redemption on or prior to such redemption date, payment of such redemption price for such Series 2011 Bonds shall be made, if such owner so elects, by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Trustee in writing and upon compliance with the reasonable requirements of the Trustee. Each redemption payment shall indicate the dollar amount of each CUSIP identification number being redeemed.

Exchange and Transfer

Upon surrender for transfer of any Series 2011 Bond at the designated corporate trust office of the Trustee, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2011 Bond or Series 2011 Bonds in Authorized Denominations of and the same maturity for a like aggregate principal amount. Series 2011 Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of registered Series 2011 Bonds of other Authorized Denominations of the same maturity. All Series 2011 Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by such owner's duly authorized attorney.

Mandatory Tender for Purchase in Lieu of Redemption

Pursuant to the Indenture, the City and, by their acceptance of the Series 2011 Bonds, the Bondholders, irrevocably grant to the Borrower and any assigns of the Borrower with respect to this right, the option to purchase, at any time and from time to time, any Series 2011 Bond which is subject to optional redemption pursuant to the Indenture at a purchase price equal to the optional redemption price therefor. To exercise such option, the Borrower shall give the Trustee a Written Request exercising such option as though such Written Request were a written request of the City for optional redemption, and the Trustee shall thereupon give the Bondholders of the Series 2011 Bonds to be purchased notice of such mandatory tender and purchase in the same manner as a notice of redemption specified in the Indenture. The purchase of such Series 2011 Bonds shall be mandatory and enforceable against the Bondholders and the Bondholders will not have a right to retain their Series 2011 Bonds. On the date fixed for purchase pursuant to any exercise of such option, the Borrower shall pay or cause to be paid the purchase price of the Series 2011 Bonds then being purchased to the Trustee in immediately available funds, and the Trustee shall pay the same to the sellers of such Series 2011 Bonds against delivery thereof. Following such purchase, the Trustee shall cause such Series 2011 Bonds to be registered in the name of the Borrower or its nominee or as otherwise directed by the Borrower and shall deliver them to the Borrower or its nominee or as otherwise directed by the Borrower. In the case of the purchase of less than all of the Series 2011 Bonds, the particular Series 2011 Bonds to be purchased shall be selected in accordance with the procedures in the Indenture for selection of Series 2011 Bonds for redemption. No purchase of the Series 2011 Bonds as described in this paragraph shall operate to extinguish the indebtedness of the City evidenced thereby. Notwithstanding the foregoing, no such purchase shall be made unless the Borrower shall have delivered to the Trustee and the City concurrently with such purchase an Opinion of Bond Counsel to effect that such purchase and any resale thereof will not affect the validity of the Series 2011 Bonds or any exemption from federal income taxation to which the interest on the Series 2011 Bonds would otherwise be entitled.

City and State of Illinois Not Liable on the Series 2011 Bonds

The Series 2011 Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not constitute an indebtedness or an obligation, general or moral, or a pledge of the full faith or loan of credit of the City, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The City is obligated to pay the principal of, premium, if any, and interest on the Series 2011 Bonds and other costs incidental thereto only from the sources specified in the Indenture. Neither the full faith and credit nor the taxing powers, if any, of the City or the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds. No owner of any Bond shall have the right to compel the taxing power, if any, of the City, the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Series 2011 Bonds.

Book-Entry Only System

The following information concerning DTC has been extracted from a schedule prepared by DTC entitled "Sample Offering Document Language Describing Book-Entry Only Issuance." Neither the City nor the Borrower makes any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of each series of the Series 2011 Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of securities under the DTC system must be made by and through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from

DTC of their purchase of Series 2011 Bonds. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2011 Bonds, except in the event that the use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 Bonds deposited by the Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC). The deposit of the Series 2011 Bonds with DTC and their registration in the name of Cede & Co. (or such other DTC nominee) do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose account such Series 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose account the Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursements of such

payments to the Direct Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as a securities depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2011 Bond certificates are required to be printed and delivered.

The City may discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2011 Bond certificates will be printed and delivered.

NEITHER THE CITY, THE TRUSTEE, THE BORROWER NOR THE PLACEMENT AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT INCLUDING WITHOUT LIMITATION AS TO THE BENEFICIAL OWNERSHIP OF ANY SERIES 2011 BONDS; (2) THE PAYMENT BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, OR INTEREST ON, THE SERIES 2011 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS AN OWNER.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS

General

The Series 2011 Bonds will be limited obligations of the City and will be payable solely from (i) payments or prepayments on the Series 2011 Note; (ii) payments or prepayments made under the Loan Agreement (other than payments with respect to Unassigned Rights); (iii) moneys and investments held by the Trustee under, and to the extent provided in, the Indenture; and (iv) in certain circumstances, proceeds from insurance and condemnation awards or proceeds of sales made under the threat of condemnation. Certain moneys and investment earnings held by the Trustee may be transferred to a Rebate Fund held under the Indenture. Amounts held in such Rebate Fund will not be part of the "trust estate" pledged to secure the Series 2011 Bonds, and consequently will not be available to make payments on the Series 2011 Bonds.

The Loan Agreement will provide that the Borrower shall make designated payments to the Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2011 Bonds when due. The Borrower's obligation to make payments on the Series 2011 Note shall be satisfied to the extent payments are made by the Borrower under the Loan Agreement and the Borrower will receive similar credit under the Loan Agreement for payments made by the Borrower on the Series 2011 Note. The Loan Agreement will also impose certain restrictions on the actions of the Borrower for the benefit of the City and the owners of the Series 2011 Bonds. See "THE LOAN AGREEMENT" in APPENDIX C.

The rights of the City in and to the Series 2011 Note and the amounts payable thereon and the amounts payable to the City under the Loan Agreement (other than payments with respect to Unassigned Rights) will be assigned to the Trustee under the Indenture to provide for and to secure the payment of principal of, premium, if any, and interest on the Series 2011 Bonds. The Borrower agrees under the Loan Agreement to make its payments on the Series 2011 Note pledged under the Indenture directly to the Trustee.

THE SERIES 2011 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS, IF ANY, OF THE CITY OR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2011 BONDS OR OTHER COSTS INCIDENTAL THERETO, EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE. NO OWNER OF ANY SERIES 2011 BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2011 BONDS.

Debt Service Reserve Fund

The Series 2011 Bonds will also be secured by a Debt Service Reserve Fund held by the Trustee under the Indenture. The Debt Service Reserve fund will be funded at the Debt Service Reserve Fund Requirement, which is an amount equal to the maximum annual principal and interest requirements on the Series 2011 Bonds as of the date of issuance. See APPENDIX B, "THE BOND INDENTURE".

Operating Reserve Fund

The Series 2011 Bonds will also be secured by an Operating Reserve Fund held by the Trustee under the Indenture. Moneys on deposit in the Operating Reserve Fund shall be used to make up any deficiencies in the Interest Fund and the Bond Sinking Fund (in the order listed) prior to any fund in the Debt Service Reserve Fund. Up to 50% of the original deposit may be used for routine working capital purposes, but only with the written consent of a Majority of Bondholders, such consent which may be withheld in their sole discretion. The Operating Reserve Fund will be released following the Trustee's receipt of the Borrower's Certificate that (a) the Borrower is in compliance of all covenants of the Loan Agreement and the Indenture and no event has occurred which with the passage of time, the giving of notice, or both, would constitute an event of default; (b) the Borrower has achieved two full fiscal years of operation after the Completion of the Project shall have occurred; and (c) the Borrower has achieved the "Operating Reserve Fund Release Requirements," as provided in the Loan Agreement. See APPENDIX B, "THE BOND INDENTURE".

Mortgage

The Series 2011 Bonds will further be secured by a mortgage lien on the Campus (the "Mortgaged Property") effected by a Mortgage and Security Agreement, dated as of July 1, 2011 (the "Mortgage"), from the Borrower to the Trustee. The Borrower has also pledged its Gross Revenues pursuant to the Mortgage. Reference is made to the Mortgage, a copy of which is included in APPENDIX D, for a more complete description of such mortgage lien and pledge of Gross Revenues. The discussion herein is qualified by such reference.

AGGREGATE DEBT SERVICE ON THE SERIES 2011 BONDS

The following table sets forth, for each Fiscal Year ending June 30, the amounts required in each such year for the payment of principal at maturity, or mandatory redemption date, for the Series 2011 Bonds, the payment of interest on the Series 2011 Bonds, and the total principal and interest payments on the Series 2011 Bonds.

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest Fund	Net Debt Service
7/1/2012		1,018,099.31	1,018,099.31	9,932.06	479,105.56	529,061.69
7/1/2013		1,077,987.50	1,077,987.50	19,864.12		1,058,123.38
7/1/2014	205,000	1,077,987.50	1,282,987.50	19,864.12		1,263,123.38
7/1/2015	255,000	1,062,100.00	1,317,100.00	19,864.12		1,297,235.88
7/1/2016	275,000	1,042,337.50	1,317,337.50	19,864.12		1,297,473.38
7/1/2017	300,000	1,021,025.00	1,321,025.00	19,864.12		1,301,160.88
7/1/2018	320,000	997,775.00	1,317,775.00	19,864.12		1,297,910.88
7/1/2019	345,000	972,975.00	1,317,975.00	19,864.12		1,298,110.88
7/1/2020	375,000	946,237.50	1,321,237.50	19,864.12		1,301,373.38
7/1/2021	405,000	917,175.00	1,322,175.00	19,864.12		1,302,310.88
7/1/2022	435,000	885,787.50	1,320,787.50	19,864.12		1,300,923.38
7/1/2023	470,000	852,075.00	1,322,075.00	19,864.12		1,302,210.88
7/1/2024	505,000	815,650.00	1,320,650.00	19,864.12		1,300,785.88
7/1/2025	545,000	776,512.50	1,321,512.50	19,864.12		1,301,648.38
7/1/2026	590,000	734,275.00	1,324,275.00	19,864.12		1,304,410.88
7/1/2027	635,000	688,550.00	1,323,550.00	19,864.12		1,303,685.88
7/1/2028	680,000	639,337.50	1,319,337.50	19,864.12		1,299,473.38
7/1/2029	735,000	586,637.50	1,321,637.50	19,864.12		1,301,773.38
7/1/2030	790,000	529,675.00	1,319,675.00	19,864.12		1,299,810.88
7/1/2031	265,000	468,450.00	733,450.00	19,864.12		713,585.88
7/1/2032	285,000	447,250.00	732,250.00	19,864.12		712,385.88
7/1/2033	305,000	424,450.00	729,450.00	19,864.12		709,585.88
7/1/2034	330,000	400,050.00	730,050.00	19,864.12		710,185.88
7/1/2035	360,000	373,650.00	733,650.00	19,864.12		713,785.88
7/1/2036	385,000	344,850.00	729,850.00	19,864.12		709,985.88
7/1/2037	420,000	313,087.50	733,087.50	19,864.12		713,223.38
7/1/2038	455,000	278,437.50	733,437.50	19,864.12		713,573.38
7/1/2039	490,000	240,900.00	730,900.00	19,864.12		711,035.88
7/1/2040	530,000	200,475.00	730,475.00	19,864.12		710,610.88
7/1/2041	1,900,000	156,750.00	2,056,750.00	1,344,139.12		712,610.88
	13,590,000	20,290,549.31	33,880,549.31	1,910,266.54	479,105.56	31,491,177.21

SOURCES AND USES OF FUNDS

Proceeds from the sale of the Series 2011 Bonds in addition to credits for previous cash contributions by the Borrower and Northwestern University are estimated to be applied as follows:

Sources:		
Bond Proceeds:		
	Par Amount	13,590,000.00
Other Sources of Funds:		
	Lease Termination Fee and sale of existing facility	1,000,000.00
	Borrower Cash Contribution	2,349,866.00
	Investment earnings ¹	3,819.85
		3,353,685.85
		16,943,685.85
Uses:		
Project Fund Deposits:		
	MB Financial Pay-Off	3,156,682.49
	Project Fund	11,384,962.00
		14,541,644.49
Other Fund Deposits:		
	Capitalized Interest Fund ²	469,755.11
	Debt Service Reserve Fund	1,324,275.00
		1,794,030.11
Delivery Date Expenses:		
	Cost of Issuance ³	349,659.00
	Placement Agent Fee	254,812.50
		604,471.50
Other Uses of Funds:		
	Rounding	3,539.75
		16,943,685.85

¹ Investment earnings estimated at 0.25% per annum.

² Reflects approximately six months of interest.

³ Any costs of issuance in excess of 2% of the proceeds of the Series 2011 Bonds will be paid from the Borrower's equity contribution.

BONDHOLDERS' RISKS

The risk factors discussed below should be considered by potential investors in evaluating an investment in the Series 2011 Bonds. The discussion of risk factors is not, and is not intended to be, exhaustive.

Uncertainty of Revenues

The Series 2011 Bonds will be payable from amounts derived from the Series 2011 Note. The ability of the Borrower to make payments on the Series 2011 Note is dependent upon the generation by the Borrower of revenues in the amounts necessary for the Borrower to pay the principal of, premium, if any, and interest on the Series 2011 Bonds, as well as other operating, capital and debt service expenses. The realization of future revenues and expenses are subject to, among other things, tuition, fees, gifts, grants, returns on the Borrower's investment portfolio, contributions, and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal of, premium, if any, and interest on the Series 2011 Bonds. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to make the required payments with respect to debt service on the Series 2011 Bonds.

Tuition and Other Revenues

The Borrower's financial condition is dependent on revenues received from tuition, fees, contributions, grants, and earnings on its investment portfolio. Because tuition, fees, contributions, grants, and earnings on its investment portfolio depend on a variety of factors, including economic factors, many of which are outside the control of the Borrower, it is possible that such contributions to the Borrower will not continue at expected levels in the future. A sizable reduction in the enrollment of the Borrower's students would have a materially adverse impact on the financial condition of the Borrower. A sizable reduction of the amount of the Borrower's investment portfolio, or the Borrower's investment portfolio earnings, also could have a materially adverse impact on the financial condition of the Borrower.

Possible Changes in Tax Exempt Status

The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Borrower of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Borrower and thereby its revenues. The Borrower is an exempt organization under Section 501(c)(3) of the Code. As an exempt organization, the Borrower is subject to a number of requirements affecting its operations. The failure of the Borrower to remain qualified as an exempt organization may affect the funds available for payments to be made under the Series 2011 Note.

Failure of the Borrower or the City to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Series 2011 Bond proceeds, could cause interest on the Series 2011 Bonds to be included in the gross income of Series 2011 Bondholders or former Series 2011 Bondholders for federal income tax purposes. See "TAX EXEMPTION."

Enforceability of Remedies

The enforceability of the rights and remedies of the Trustee or the holders of the Series 2011 Bonds under the Indenture and the Mortgage and the availability of remedies to any party seeking to enforce the Indenture are in many respects dependent upon judicial actions which are often subject to

discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the enforceability of the rights and remedies under the Indenture and the availability of remedies to any party seeking to enforce the security granted thereby may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Series 2011 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Illinois and the United States of America, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a preceding in equity or at law). These exceptions would encompass any exercise of federal, State of Illinois or local police powers (including the police powers of the State of Illinois), in a manner consistent with the public health and welfare. The enforceability of the Indenture and the Mortgage and the availability of remedies to a party seeking to enforce a pledge of security under the Indenture in a situation where such enforcement or availability may adversely affect public health and welfare may be subject to these police powers.

Risks Relating to the Mortgage

The value of the Borrower's Mortgaged Property at any given time will be directly affected by market and financial conditions which are not in the control of the Borrower or the other parties to the transaction. Real property values can fluctuate substantially depending in large part on the state of the economy. There is nothing associated with the Borrower's mortgaged properties which would suggest that its value would remain stable or increase if the general values of similar properties in the City were to decrease.

THE CITY

Description of the City

The City is contiguous with Chicago, and approximately 13 miles by rapid transit, commuter rail, expressway or parkway from downtown Chicago. It borders the north shore communities of Skokie and Wilmette. In 1863, the Village of Evanston was incorporated as a town, and after several annexations, in 1892, the town became a city. The City's southern boundary was established with the City of Chicago and the present City limits, encompassing an area of approximately 8.0 square miles, have been essentially the same ever since. The City has four miles of shoreline along Lake Michigan.

The City is a home rule municipality under the Illinois Constitution. The City is authorized and empowered to exercise any power or perform any function pertaining to its government or affairs, including the issuance of revenue bonds to finance projects within the territorial limits of the City or to refund bonds issued to finance said projects, and may authorize the issuance of such bonds by ordinance of the City for the purpose of loaning funds to the Borrower for such purposes, such bonds to be secured by instruments evidencing and securing such loans to the Borrower and to be payable solely out of the payments made by the Borrower thereon, and to enter into a trust indenture providing for the issuance of such bonds and for their payment and security.

The City has a Council/Manager form of government with an elected Mayor. The Mayor is elected for a four-year term. The Aldermen each represent one of nine wards and are elected to terms of four years. The City Manager is the Chief Administrative Officer of the City and is responsible for the management of all City operations under the direction of the Mayor and City Council.

Other Matters

The City makes no warranty or representation, whether express or implied, with respect to the Project or the use thereof. Further, the City has not prepared any material for inclusion in this Private Placement Memorandum, except that material under the headings "THE CITY" and "LITIGATION – The City". The distribution of this Private Placement Memorandum has been duly approved and authorized by the City. Such approval and authorization does not, however, constitute a representation or approval by the City of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

The offices of the City are located at 2100 Ridge Avenue, Evanston, Illinois 60201, and its telephone number is (847) 328-2100.

Certain legal matters with respect to the Series 2011 Bonds will be passed upon for the City by its special counsel, Chapman and Cutler LLP, Chicago, Illinois.

THE BORROWER

Description of the Borrower

Established in 1915 and currently located adjacent to Northwestern University's campus in Evanston, Illinois, Roycemore School, an Illinois not for profit corporation (the "Borrower"), has received a determination letter from the Internal Revenue Service stating it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and is, therefore, exempt from federal income tax. The Borrower owns and operates an independent, accredited, coeducational college-preparatory day school for students in junior kindergarten through grade 12.

The Borrower is currently confined by its current 96 year old building. The Borrower intends to borrow the proceeds of the Series 2011 Bonds and use \$3,349,866 of its own funds and funds provided on its behalf to acquire and renovate an existing three level, 66,000 sq. ft. building located on 2.4 acres in a high visibility, accessible area of Evanston, three blocks from Metra and CTA Purple Line stops in downtown Evanston (the "Project"). The current building can only accommodate 260 students while the new building will be able to accommodate 350 students. The new facility will allow the Borrower to increase the number of students in Upper School (grades 9-12) by 52 students, and junior kindergarten will double in size (from 20 to 40 students). There is a current waitlist for the junior kindergarten program.

The Borrower intends to vacate its current campus and relocate to the new campus, which is 1.5 miles from the current campus, for the 2011-2012 school year.

A comparison of the new facility versus the current location is below:

	<u>Current Campus</u>	<u>New Campus</u>
Average class/section size		
• Jr. K and K	19.0	20
• Grades 1-8	14.9	17
• Grades 9-12	10.9	13
Student/teacher ratio	8:1	10.5:1
Average classroom size	538 sq. ft.	830 sq. ft.
Gym size	2,400 sq. ft.	7,800 sq. ft.
Performance space	Shared gym space	Dedicated space

Parking	30 spaces	76 spaces
Space for Science	1,434 sq. ft.	3,072 sq. ft.
Space for Fine Arts	2,571 sq. ft	5,373 sq. ft

Tuition

The Borrower's tuition rates have increased 3% annually for the past 5 years. The following is a summary of tuition by grade and academic school year:

Academic Year	K	Lower School (1-4)	Middle School (5-8)	Upper School (9-12)
2005-2006	\$ 9,665	\$ 10,545	\$ 14,580	\$ 17,125
2006-2005	\$ 10,050	\$ 10,970	\$ 15,165	\$ 17,810
2007-2008	\$ 10,560	\$ 11,410	\$ 15,775	\$ 18,425
2008-2009	\$ 11,090	\$ 11,990	\$ 16,570	\$ 19,170
2009-2010	\$ 11,425	\$ 12,350	\$ 17,070	\$ 19,745

Currently, 50% of all students receive some form of financial aid. For the 2009-2010 academic year, the Borrower provided \$1,579,700 in assistance to 138 students with an average of \$11,447 per assisted student. The Borrower intends to decrease the number of students who receive financial aid to 35% by eliminating the financial aid to junior kindergarteners and kindergarteners. All marketing efforts have been focused on "full pay" students. For the 2010-2011 academic school year, roughly 35% of new students received some form of financial aid.

Competition

Four schools are considered to be direct competitors with the Borrower. The following is a summary of the competitive schools' enrollment and tuition:

Location	Baker Demonstration School Evanston	North Shore Country Day School Winnetka	Latin School of Chicago Chicago	Bernard Zell Anshe Emet Day School Chicago
Grades	PK-8	JK-12	JK-12	PK-8
Enrollment	290	490	1100	515
Kdg Tuition	13,000	19,816	21,685	16,840
1 st Tuition	14,265	19,816	21,685	16,840
6 th Tuition	17,272	20,523	25,845	19,315
12 th Tuition	N/A	22,651	25,845	N/A

Northwestern University

Northwestern University has a longstanding relationship with the Borrower. The current campus is on 1.4 acres of land leased to the Borrower from Northwestern. The 99-year land lease expired in November 2011.

Approximately 20% of the Upper School Roycemore students take classes at Northwestern University for full college credit. Northwestern University faculty receive a 25% discount on tuition for their children. The Borrower also serves as a student teaching venue for Northwestern undergraduate and graduate students.

Northwestern University has paid the Borrower \$1,000,000 comprised of an early lease termination fee and a purchase price for improvements located at the Borrower's current campus. Northwestern University shall pay an additional \$500,000 contingent upon the Borrower vacating its current campus by December 1, 2011. The \$500,000 payment shall be deposited in the Operating Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS – Operating Reserve Fund."

Capital Campaign

Previously, annual fundraising and special events have produced approximately 9-13% of the annual operating budget. The Borrower's Board of Trustees authorized a capital campaign to support the new campus. As of May 2011, the capital campaign has secured gifts and pledges totaling approximately \$3,350,000.

Application/Acceptance

The Borrower is perceived as a high quality educational program compared to other local private schools. This fact is reflected in the volume of applications received. The chart below outlines the selectivity of the Borrower over the past four school years.

	2006- 2007	2007- 2008	2008- 2009	2009- 2010
Applications received	146	153	151	140
Acceptances	109	100	105	100
New enrollment	60	66	66	59
Not returning	33	42	46	46
Average enrollment	249	253	250	247

Faculty

The Borrower currently employs 35 full-time equivalent faculty members with a combined student-teacher ratio of 7:1. The following table sets forth the average number of full-time equivalent faculty members at the Borrower for the past five academic years:

<u>Academic Year</u>	<u>Faculty (FTE)</u>
2005-2006	33.4
2006-2005	33.5
2007-2008	33.9
2008-2009	34.3
2009-2010	35.4

The Borrower's faculty members have an average teaching experience of approximately 15 years, with an average of approximately 11 years teaching at the Borrower. Fifty-four percent (54%) of the faculty holds masters or doctorate degrees. Every member of the faculty at the Borrower holds the appropriate degree or credential for the subject taught. The Borrower does not grant tenure status for faculty. No faculty members are represented by any labor union.

TAX EXEMPTION

Summary of Bond Counsel Opinion

Bond Counsel is of the opinion that under existing law, interest on the Series 2011 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series 2011 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Series 2011 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but must be taken into account as earnings and profits of a corporation when computing, for example, corporate minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2011 Bonds is not exempt from Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2011 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds. These requirements relate to the use and investment of the proceeds of the Series 2011 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series 2011 Bonds and the use of the property financed with the proceeds of the Series 2011 Bonds. The Borrower has covenanted in the Loan Agreement and in the Tax Compliance Agreement (the "Tax Compliance Agreement") among the City, the Borrower and the Trustee to comply with these requirements.

In rendering its opinion, Bond Counsel will rely upon the representations and certifications of the Borrower in the Tax Compliance Agreement with respect to certain material facts solely within such parties' knowledge relating to the application of the proceeds of the Series 2011 Bonds and the property financed with such proceeds.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds. Among these requirements are the following:

Limitations on Ownership and Use. The Code requires that any property financed with the proceeds of the Series 2011 Bonds be owned by a 501(c)(3) organization or by a governmental unit. In addition, the Code generally requires that property financed or refinanced with the proceeds of the Series 2011 Bonds be used by a 501(c)(3) organization in an activity that is integrally related to its exempt purposes.

Investment Restrictions. Except during certain “temporary periods,” proceeds of the Series 2011 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “minor portion”) may generally not be invested in investments having a yield that is “materially higher” than the yield on the Series 2011 Bonds.

Rebate of Permissible Arbitrage Profit. Unless the Borrower qualifies for one of several exemptions, earnings from the investment of the “gross proceeds” of the Series 2011 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2011 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Series 2011 Bonds, any reserves in excess of a reasonably required reserve and replacement fund with respect to the Series 2011 Bonds and amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2011 Bonds.

Risks of Non-Compliance

In the event that the Borrower fails to comply with the requirements of the Code, interest on the Series 2011 Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, the Indenture requires neither acceleration of payment of principal of, or interest on, the Series 2011 Bonds nor payment of any additional interest or penalties to the owners of the Series 2011 Bonds.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Series 2011 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2011 Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2011 BONDS.

Cost of Carry. Owners of the Series 2011 Bonds will generally be denied a deduction for otherwise deductible interest on any debt that is treated for federal income tax purposes as incurred or continued to purchase or carry the Series 2011 Bonds. Financial institutions are denied a deduction for their otherwise allowable interest expense in an amount determined by references to their adjusted basis in the Series 2011 Bonds.

Individual Owners. Receipt of interest on the Series 2011 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for Federal income tax purposes.

Corporate Owners. Interest on the Series 2011 Bonds is generally taken into account in computing earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series 2011 Bonds is taken into account in computing the branch profits tax imposed on certain foreign corporation, the passive investment income tax imposed on certain S corporations and the accumulated earnings tax. Interest on the Series 2011 Bonds is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series 2011 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Series 2011 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2011 Bonds held by such a company is properly allocable to the shareholder.

Change in Law. The opinion of Bond Counsel and the descriptions of the tax law contained in this Private Placement Memorandum are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series 2011 Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series 2011 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2011 Bonds.

LITIGATION

The City

There is not now pending (as to which the City has received service of process) or, to the actual knowledge of the City, threatened, any litigation against the City restraining or enjoining the issuance or delivery of the Series 2011 Bonds or questioning or affecting the validity of the Series 2011 Bonds or the proceedings or City under which the Series 2011 Bonds are to be issued. Neither the creation, organization or existence of the City nor the right of the Mayor or any present Aldermen or other elected official of the City to their respective offices is being contested. There is no litigation against the City pending (as to which the City has received service of process) or, to the actual knowledge of the City, threatened, which in any manner questions the right of the City to enter into the Indenture, the Loan Agreement or the Placement Agreement or to secure the Series 2011 Bonds in the manner provided in the Indenture and the Ordinance.

The Borrower

The Borrower has advised that no litigation or proceedings are pending or, to its knowledge, threatened against it except litigation which, in the opinion of the Borrower, is not expected to result in a materially adverse change in the operations or condition, financial or otherwise, of the Borrower. The Borrower also has advised that there is no litigation pending, or to the knowledge of the Borrower, threatened, which in any manner questions the right of the Borrower to enter into the financing described

herein or affecting the validity of the Loan Agreement, the Indenture, the Undertaking (as defined under the caption “Continuing Disclosure”), the Series 2011 Bonds or the Series 2011 Note or contesting the corporate existence, powers or tax-exempt status of the Borrower.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2011 Bonds are subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, as Bond Counsel (the “Bond Counsel”) who has been retained as Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Private Placement Memorandum or other offering material relating to the Series 2011 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Private Placement Memorandum, except that in its capacity as Bond Counsel, Katten Muchin Rosenman LLP has, at the request of the Placement Agent, supplied the information under the heading “TAX EXEMPTION,” and reviewed the statements describing its approving opinion solely to determine whether such information is accurate in all material respects. This review was undertaken solely at the request and for the benefit of the Placement Agent. Certain legal matters will be passed upon for the City by its special counsel, Chapman and Cutler LLP, Chicago, Illinois; for the Borrower by its counsel, Applegate & Thorne-Thomsen, P.C., Chicago, Illinois; and for the Placement Agent by their counsel, Barnes & Thornburg LLP, Chicago, Illinois.

RATINGS

As noted on the cover page, the Series 2011 Bonds have not been rated by any rating service or agency.

PRIVATE PLACEMENT OF THE SERIES 2011 BONDS

The Series 2011 Bonds are intended to be exempt securities under the Securities Act of 1933, as amended (the “Securities Act”), and the offer, sale and delivery of the Series 2011 Bonds does not require registration under the Securities Act or qualification of the Trust Indenture under the Trust Indenture Act of 1939. Oppenheimer & Co. Inc. (the “Placement Agent”), has agreed to use its best efforts to place the Series 2011 Bonds with qualified institutional buyers and accredited institutional investors on behalf of the Borrower. The Borrower has agreed to pay the Placement Agent upon sale of the Series 2011 Bonds a fee in an amount equal to \$254,812.50 for its services as Placement Agent. The Borrower has also agreed to indemnify the Placement Agent, its directors, officers, employees and controlling persons (as defined in Section 15 of the Securities Act) with respect to all losses, claims, damages, liabilities and related legal expenses arising out of or based upon certain alleged violations of the Securities Act or material misstatements or omissions in the Private Placement Memorandum, other than such misstatements or omissions made in reliance upon or in conformity with written information furnished by the Placement Agent for use herein.

The purchaser of the Series 2011 Bonds is being furnished with a copy of this Private Placement Memorandum, together with any supplements to this Private Placement Memorandum. In addition, The purchaser is hereby offered the opportunity, prior to purchasing any Series 2011 Bonds and at any time the Series 2011 Bonds are outstanding, to ask questions of, and receive answers from, the Borrower concerning the terms and conditions of the offering, and to obtain any additional relevant information, to the extent the Borrower possesses the same or can acquire it without unreasonable effort or expense.

The purchaser is responsible for assessing the merits and risks of an investment in the Series 2011 Bonds and must be able to bear the economic risk of such investment in the Series 2011 Bonds.

The contents of this Private Placement Memorandum are the responsibility of the Borrower, except that the City is responsible for the statements under the sections "THE CITY," "LITIGATION—The City" (to the extent that it relates to the City), and the material under the caption "BOOK-ENTRY ONLY SYSTEM" is based on information provided by DTC.

VOLUNTARY DISCLOSURE PER LOAN AGREEMENT

The City has not made and will not make any provision to provide any annual financial statements or other credit information of the Borrower to investors on a periodic basis. The Borrower has undertaken in the Loan Agreement all responsibilities for any continuing disclosure to holders of the Series 2011 Bonds as described below, and the City has no liability to the holders or any other person with respect to such disclosures.

The Borrower will enter into a Continuing Disclosure Undertaking, to be dated the date of initial delivery of the Series 2011 Bonds (the "Undertaking"), with Wells Fargo Bank, N.A., as the dissemination agent (the "Dissemination Agent").

Pursuant to the terms of the Undertaking and the Loan Agreement, the Borrower will agree to deliver, or cause to be delivered, to Trustee and the Bondholders and submit the following to EMMA or any other nationally recognized municipal securities repositories recognized by the Securities and Exchange Commission each of the following while any of the Series 2011 Bonds are outstanding:

(a) as soon as practicable, but in no event more than one hundred twenty (120) days after the last day of each Fiscal Year, a copy of the annual audit report for the Borrower for such fiscal year, certified by Knutte and Associates or other firm of independent certified public accountants selected by the Borrower and reasonably acceptable to the Majority of Bondholders, prepared in accordance with GAAP, including a balance sheet as of the end of such period, a statement of activities, expenditures and mandatory transfer, information as to annual fundraising, additional fundraising and the Capital Campaign, including monies pledged and received, and a statement of changes in the net asset position (or conceptually equivalent reports) and each such annual financial report shall also be accompanied by a certificate of the President or other authorized officer containing a computation of, and showing compliance with, the covenants in Section 9.6 of the Loan Agreement;

(b) as soon as possible, but in any event within forty-five (45) days after the end of Borrower's first three fiscal quarters, financial statements of the Borrower as of the end of such fiscal quarter consistent with the Borrower's audited financial statements and consisting of at least (i) a balance sheet (or conceptually equivalent report) as of the close of such fiscal quarter and (ii) a statement of unrestricted activities (or conceptually equivalent reports) routinely prepared and for the period from the beginning of such fiscal year to the close of the fiscal quarter, and each such quarterly financial report shall also be accompanied by a certificate of the President or other authorized officer containing a computation of, and showing compliance with, the covenants in Section 9.6 of the Loan Agreement, as applicable;

(c) no later than June 30 of each year, projected enrollment for the following school year;

(d) at the same time as the financial statements and certificate described in subsection (a) above, data showing a comparison of historic and current enrollment applications, acceptions and matriculations for the past three years; and

if moneys have been withdrawn from the Operating Reserve Fund pursuant to the Loan Agreement, during the period of time when such withdrawal is being replenished, monthly reports containing the information otherwise required on a quarterly basis pursuant to clause (b) above).

Pursuant to the terms of the Undertaking and the Loan Agreement, the Borrower will also agree to deliver to the Trustee and the Bondholders and submit the following to EMMA or any other nationally recognized municipal securities repositories recognized by the Securities and Exchange Commission notice of the following material events:

(1) Any delinquency in payment when due of any principal of, or interest on, the Series 2011 Note or the Series 2011 Bonds.

(2) Occurrence of any material Event of Default under and defined in the Bond Indenture (other than as described in clause 1 above).

(3) Any draw on debt service reserves or operating reserves.

(4) Any unscheduled draw on credit enhancements, if any, reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, if any, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2011 Bonds.

(7) Material modification to rights of Bondholders.

(8) Material Bond calls.

(9) Defeasance of the Series 2011 Bonds or any portion thereof.

(10) Material release, substitution, or sale of property securing repayment of the Series 2011 Bonds.

(11) Any change in the rating on the Series 2011 Bonds, if any.

(12) Tender offers.

(13) Bankruptcy, insolvency, receivership, or similar proceedings pending or threatened with respect to the Corporation.

(14) The consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions.

(15) Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(16) Any other information as reasonably requested by the Trustee.

The Borrower has contracted under the Undertaking for the Dissemination Agent to file the information required to be provided by the Borrower pursuant to the terms of the Undertaking.

The Undertaking is for the sole and exclusive benefit of the Borrower and the owners of the Series 2011 Bonds, and creates no legal or equitable right, remedy or claim for the benefit of any person other than the Borrower and the owners of the Series 2011 Bonds. The sole and exclusive remedy for any breach or violation by the Borrower of any obligation of the Borrower in the Undertaking is the remedy of specific performance of such obligation. No owner of any Series 2011 Bonds shall have any right to monetary damages or any other remedy for any breach or violation by the Borrower of any obligation in the Undertaking, except the remedy of specific performance of such obligation. No breach or violation by the Borrower of any obligation in the Undertaking shall constitute a breach or violation of or default under the Series 2011 Bonds, the Loan Agreement or the Indenture.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Borrower as of and for the years ended June 30, 2010 and 2009, included in APPENDIX A hereto, have been audited by Knutte & Associates, P.C., Darien, Illinois, independent auditors, as set forth in their report thereon. The financial statements included herein are not necessarily indicative of the financial results to be achieved for future periods.

MISCELLANEOUS

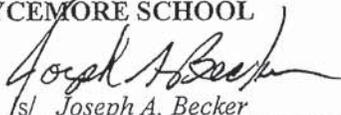
The references herein to the Series 2011 Bonds, the Series 2011 Note, the Indenture, the Loan Agreement, the Mortgage and the Undertaking are summaries of certain provisions thereof. Such summaries do not purport to be complete, and for full and complete statements of the provisions thereof reference is made to the Series 2011 Bonds, the Series 2011 Note, the Indenture, the Loan Agreement, the Mortgage and the Undertaking. Copies of such documents are on file at the offices of the Placement Agent and following the delivery of the Series 2011 Bonds will be on file at the offices of the Trustee. All estimates and other statements in this Private Placement Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached Appendices are integral parts of this Private Placement Memorandum and must be read together with all of the foregoing statements.

The Borrower has reviewed the information contained herein which relates to it, its property and operations, and has approved all such information for use within this Private Placement Memorandum.

The execution and delivery of this Private Placement Memorandum has been duly authorized by the Borrower. The distribution of this Private Placement Memorandum has been duly approved.

ROYCEMORE SCHOOL

By: 

Joseph A. Becker, President

Appendix A

Financial Statements of the Borrower

[Follows on the Next Page]

K&A

**ROYCEMORE SCHOOL
REPORT ON THE EXAMINATION
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

KNUTTE & ASSOCIATES, P.C.

ROYCEMORE SCHOOL
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KNUTTE & ASSOCIATES, P.C.

INDEPENDENT AUDITORS' REPORT

Certified Public Accountants
7900 S. Cass Avenue
Darien, Illinois 60561
(630) 960-3317
FAX (630) 960-9960
www.knutte.com

To the Board of Directors
Roycemore School

We have audited the accompanying statements of financial position of Roycemore School (an Illinois not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Roycemore School. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 1, the school does not provide for depreciation on its fixed assets. Also, it is the school's policy to currently expense all additions of fixed assets except for vehicles. Accounting principles generally accepted in the United States of America require that all fixed assets be capitalized and depreciated over the assets' useful lives. It was not practicable to determine the effects of not capitalizing all fixed assets and not depreciating fixed assets on the financial statements.

In our opinion, except for the effects on the financial statements of the items described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Roycemore School as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules, contained on pages 16 - 17, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 29, 2010

Knutte & Associates, P.C.

Page 2

ROYCEMORE SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	2010	2009		2010	2009
ASSETS					
CURRENT ASSETS					
Cash	\$ 615,503	\$ 466,913		\$ 86,489	\$ 75,980
Investments	108,870	97,529		382,648	257,132
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$85,000, Respectively)	288,207	236,273		1,066,903	977,582
Contributions Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively and Net of Provision for Discounted Future Value of \$58,655 and \$21,488, Respectively)	242,758	31,900		213,507	196,602
Prepaid Expenses	20,715	21,119		1,749,547	1,507,296
TOTAL CURRENT ASSETS	<u>1,276,053</u>	<u>852,734</u>		<u>10,242</u>	<u>267,892</u>
FIXED ASSETS				10,242	267,892
Property and Equipment	474,757	489,957		10,242	267,892
TOTAL FIXED ASSETS	<u>474,757</u>	<u>489,957</u>		1,759,789	1,775,188
OTHER ASSETS					
Escrow on Building	1,007,325	1,000,000			
Contributions Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	420,068	88,512			
Beneficial Interest in Assets Held by Others	10,000	0			
TOTAL OTHER ASSETS	<u>1,437,393</u>	<u>1,088,512</u>			
TOTAL ASSETS	<u>\$ 3,188,203</u>	<u>\$ 2,430,203</u>		<u>\$ 3,188,203</u>	<u>\$ 2,430,203</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable				(356,508)	(320,632)
Notes Payable				136,208	189,189
Deferred Revenue				1,538,714	806,448
Accrued Liabilities				10,000	0
TOTAL CURRENT LIABILITIES				<u>\$ 1,428,414</u>	<u>\$ 655,015</u>
LONG-TERM LIABILITIES					
Notes Payable					
TOTAL LONG-TERM LIABILITIES					
TOTAL LIABILITIES					
NET ASSETS					
Unrestricted Net Assets					
Unrestricted - Operating					
Unrestricted - Reserves					
Unrestricted - Location					
Temporarily Restricted - Endowment Fund					
TOTAL NET ASSETS					
TOTAL LIABILITIES AND NET ASSETS					

See Accompanying Notes To The Financial Statements.

**ROYCEMORE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Unrestricted			Temporarily Restricted			Total
	Operating	Reserves	Location	Endowment Fund	Location	Total	
PUBLIC SUPPORT & REVENUE							
Gross Tuition and Fees	\$ 5,065,238	\$ 0	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 5,065,238
Charitable Giving & Memorial	212,128	0	0	0	0	0	1,163,098
Cross Summer School Fees	249,353	0	0	0	0	0	249,353
Auction Fundraiser	164,315	0	0	0	0	0	164,315
Donated Facility	108,500	0	0	0	0	0	108,500
Miscellaneous	20,049	0	0	0	0	0	20,049
Interest and Dividends	3,874	0	7,325	0	0	0	10,999
Unrealized Gain on Investments	0	0	8,967	0	0	0	8,967
Net Assets Released from Restrictions	0	0	961,870	0	0	0	961,870
TOTAL PUBLIC SUPPORT & REVENUE	5,809,591	12,641	869,195	10,000	0	0	6,781,417
LESS: FINANCIAL AID AND TUITION REMISSION							
School Year Financial Aid	1,447,578	0	0	0	0	0	1,447,578
Summer School Financial Aid	11,469	0	0	0	0	0	11,469
Faculty Children	158,845	0	0	0	0	0	158,845
School Year Northwotom Discounts	192,111	0	0	0	0	0	192,111
Summer School Northwotom Discounts	31,338	0	0	0	0	0	31,338
Disenrolled Scholarships	138,215	0	0	0	0	0	138,215
TOTAL FINANCIAL AID AND TUITION REMISSION	1,979,556	0	0	0	0	0	1,979,556
NET PUBLIC SUPPORT & REVENUE	3,830,035	12,641	869,195	10,000	0	0	4,821,881
FUNCTIONAL EXPENSES							
Program Services	3,036,408	0	0	0	0	0	3,036,408
Management and General	749,688	0	187,561	0	0	0	937,249
Fundraising	48,880	0	13,595	0	0	0	62,405
TOTAL FUNCTIONAL EXPENSES	3,834,976	0	201,086	0	0	0	4,036,062
OTHER EXPENSES							
Loss on Sale of Vehicle	12,400	0	0	0	0	0	12,400
TOTAL OTHER EXPENSES	12,400	0	0	0	0	0	12,400
CHANGE IN NET ASSETS	(17,351)	12,841	708,109	10,000	0	0	773,399
TRANSFERS	(5,000)	(45,632)	50,632	0	0	0	0
NET ASSETS,							
BEGINNING OF YEAR	(320,632)	169,189	806,448	0	0	0	655,015
END OF YEAR	(342,983)	136,208	1,625,189	10,000	0	0	1,428,414

See Accompanying Notes To The Financial Statements.

**ROYCEMORE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Unrestricted			Temporarily Restricated			Total
	Operating	Reserves	Location	Split Interest	Location	Permanently Restricated	
PUBLIC SUPPORT & REVENUE							
Gross Tuition and Fees	\$ 5,081,405	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,081,405
Charitable Giving & Memorial	200,977	0	0	0	0	0	430,269
Gross Summer School Fees	238,393	0	0	0	0	0	238,393
Auction Fundraising	165,833	0	0	0	0	0	165,833
Donated Facility	108,500	0	0	0	0	0	108,500
Miscellaneous	17,430	0	0	0	0	0	17,430
Interest and Dividends	0	9,317	0	0	0	0	9,317
Net Assets Released from Restitutions	0	0	229,412	0	(229,412)	0	0
TOTAL PUBLIC SUPPORT & REVENUE	5,810,538	9,317	229,412	0	(229,412)	0	6,049,287
LESS: FINANCIAL AID AND TUITION							
REMISSION							
School Year Financial Aid	1,353,974	0	0	0	0	0	1,353,974
Summer School Financial Aid	19,417	0	0	0	0	0	19,417
School Children	150,060	0	0	0	0	0	150,060
School Year Northwestern Discounts	224,688	0	0	0	0	0	224,688
Summer School Northwestern Discounts	33,634	0	0	0	0	0	33,634
Discontinued Scholarships	134,190	0	0	0	0	0	134,190
TOTAL FINANCIAL AID AND TUITION	1,815,963	0	0	0	0	0	1,815,963
NET PUBLIC SUPPORT & REVENUE	3,994,575	9,317	229,412	0	0	0	4,133,404
FUNCTIONAL EXPENSES							
Program Services	3,021,947	0	0	0	0	0	3,021,947
Management and General	790,335	0	275,324	0	0	0	1,065,659
Fundraising	99,571	0	0	0	0	0	99,571
TOTAL FUNCTIONAL EXPENSES	3,911,853	0	275,324	0	0	0	4,186,377
OTHER EXPENSES							
Unrealized Loss on Investments	0	33,513	0	0	0	0	33,513
TOTAL OTHER EXPENSES	0	33,513	0	0	0	0	33,513
CHANGE IN NET ASSETS	(16,378)	(24,186)	(46,912)	0	0	0	(86,486)
TRANSFERS	(328,000)	(572,000)	900,000	0	0	0	0
NET ASSETS,							
BEGINNING OF YEAR	23,748	765,395	(47,840)	0	0	0	741,501
END OF YEAR	\$ (320,632)	\$ 189,199	\$ 808,448	\$ 0	\$ 0	\$ 0	\$ 655,015

See Accompanying Notes To The Financial Statements.

**ROYCEMORE SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Students and Supporters	\$ 4,296,668	\$ 4,091,602
Interest and Dividends Received	11,199	9,317
Cash Paid to Suppliers and Employees	(3,999,305)	(4,119,475)
Interest Paid	(18,939)	(3,133)
Taxes Paid	0	0
	<u>289,623</u>	<u>(21,689)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchase of Fixed Assets	0	(47,600)
Proceeds from the Sale of Fixed Assets	1,800	0
Payments for the Purchase of Investments	(2,374)	(19,653)
Proceeds from the Sale of Investments	0	410,000
	<u>(574)</u>	<u>342,747</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payment on Debt	(132,134)	(5,056)
Proceeds from Issuance of Debt	0	530,080
	<u>(132,134)</u>	<u>525,024</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	156,915	846,082
CASH AND CASH EQUIVALENTS,		
· BEGINNING OF YEAR	<u>1,465,913</u>	<u>619,831</u>
END OF YEAR	<u>\$ 1,622,828</u>	<u>\$ 1,465,913</u>

See Accompanying Notes To The Financial Statements.

**ROYCEMORE SCHOOL
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 773,399</u>	<u>\$ (86,486)</u>
Adjustment to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Unrealized (Gain) Loss on Investments	(8,967)	33,513
Loss on Disposition of Fixed Asset	12,400	0
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(51,934)	40,691
Contributions Receivable	(542,414)	(110,412)
Prepaid Expenses	404	682
Beneficial Interest in Assets Held by Others	(10,000)	.0
Accounts Payable	10,509	48,996
Deferred Revenue	89,321	37,236
Accrued Liabilities	16,905	14,091
Total Adjustments	<u>(483,776)</u>	<u>64,797</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 289,623</u>	<u>\$ (21,689)</u>

See Accompanying Notes To The Financial Statements.

**ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Nature of Activities

Roycemore School (the "Organization") is a not-for-profit organization established in 1915 in Evanston, Illinois, providing primary and secondary education.

B) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

The Organization has adopted FASB *Accounting Standards Codification (ASC) 958, Not For Profit Entities*. Under ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

C) Cash and Cash Equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

The Organization has deposits at financial institutions in excess of federally insured limits. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limit totaled approximately \$75,000 and \$95,000 as of June 30, 2010 and 2009, respectively.

ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Investments

The Organization has adopted *FASB Accounting Standards Codification (ASC) 958, Not For Profit Entities*. Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

E) Receivables and Allowance for Doubtful Accounts

Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from its students and donees. Balances that are still outstanding after management has used reasonable collection efforts are written off. The allowance for doubtful accounts at June 30, 2010 and 2009 is \$85,000, respectively.

F) Fixed Assets and GAAP Departure

The original cost of the building, fixtures, equipment and the science laboratory have been capitalized on the books of the Organization. Subsequent purchases of buildings, improvements, furniture and equipment are directly expensed upon acquisition. Vehicles are capitalized at actual cost. It is the policy of the Organization not to depreciate the original cost of its property and equipment nor acquired vehicles. As accounting principles generally accepted in the United States of America require not-for-profit organizations to capitalize all fixed assets and to depreciate the assets over their estimated useful lives, this is a departure from GAAP.

G) Deferred Revenue

The Organization and its students enter into a contract for the Organization to provide education for a fee. Many students pay in advance for the future academic year. The Organization earns program revenue as it provides education to the students enrolled measured by the academic year. The academic year for which the Organization has not yet provided is recorded in the financial statements as deferred revenue.

ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I) Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It was determined that the Organization is not a private foundation within the meaning of section 509(a) of the Code because it is an organization of the type described in section 509(a)(2).

In June 2006, the FASB issued Financial Interpretation 48, "Accounting for Uncertainty in Income Taxes" (FASB *Accounting Standard Codification (ASC) 740, Income Taxes*) which clarifies the accounting uncertainty in income taxes recognized in an organization's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must be a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted ASC 740 for the fiscal year ended June 30, 2010. The adoption of ASC 740 had no impact on the Organization's financial position or results of operations.

ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - INVESTMENTS

For the year ended June 30, 2010 and 2009, investments are stated at fair value and consist of corporate stocks and mutual funds, as follows:

	Balance at June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Cost	Unrealized Gain (Loss)
Mutual Funds	\$ 80,226	\$ 80,226	\$ 116,787	\$ (36,561)
Corporate Stocks	28,644	28,644	11,869	16,775
	<u>\$ 108,870</u>	<u>\$ 108,870</u>	<u>\$ 128,656</u>	<u>\$ (19,786)</u>

	Balance at June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Cost	Unrealized Gain (Loss)
Mutual Funds	\$ 73,806	\$ 73,806	\$ 115,422	\$ (41,616)
Corporate Stocks	23,723	23,723	10,860	12,863
	<u>\$ 97,529</u>	<u>\$ 97,529</u>	<u>\$ 126,282</u>	<u>\$ (28,753)</u>

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were used.

**ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 2 - INVESTMENTS (CONTINUED)

Level 1 Fair Value Measurements

The fair value of corporate stocks is based on quoted market prices of the shares held by the Organization at year-ends.

The fair value of mutual funds is based on quoted net assets values of the shares held by the Organization at year-ends.

No investment return was restricted during the years ended June 30, 2010 and 2009, respectively.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are valued at the present value of their future cash flows using a discount rate of 4%.

Receivable During the Year Ended June 30, 2011	\$ 242,758
2012	177,857
2013	161,691
2014	132,550
2015	6,625
Total Contributions Receivable	<u>721,481</u>
Provision for Discounted Future Value	<u>(58,655)</u>
Net Contributions Receivable	<u>\$ 662,826</u>

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2010, the Organization transferred \$10,000 to Evanston Community Foundation to establish an endowment fund. Under the terms of the agreement, Roycemore School will be offered the annual net spending amount as calculated by the Evanston Community Foundation. The annual spending objective for Evanston Community Foundation is a maximum of 6% and a minimum of 3.5% of the three-year moving average of the market value of endowment fund. Roycemore School may elect to receive the annual spending amount in full or in part, it may also elect to receive no distribution in a given year. At June 30, 2010, the endowment fund has a value of \$10,000, which is reported in the statement of financial position as beneficial interest in assets held by others.

**ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 5 - NOTES PAYABLE

The Organization has the following notes payable at June 30, 2010 and 2009:

	2010	2009
\$30,080 note payable to First Bank & Trust dated September 26, 2008, payable in 48 monthly payments of \$722, inclusive of interest at 7.0%, through September 26, 2012. This note is secured by the vehicles of the Organization.	17,890	25,024
\$250,000 note payable to First Bank & Trust originally dated April 30, 2009, payable in monthly interest only payments at prime plus .5%, with a balloon principal payment due on July 29, 2010. This note is secured by the assets of the Organization.	125,000	250,000
\$50,000 note payable to Nicolas and Katherine Reynolds dated April 30, 2009, payable in monthly interest only payments at 3.0%, with a balloon principal payment due on July 31, 2010. This note is unsecured.	50,000	50,000
\$200,000 note payable to Sheriff Meadow Trust dated April 30, 2009 payable in monthly interest only payments at 3.0%, with a balloon principal payment due on July 31, 2010. This note is unsecured.	200,000	200,000
Total Debt	392,890	525,024
Less: Current Portion	382,648	257,132
Total Long-Term Debt	\$ 10,242	\$ 267,892

Future maturities of long-term debt are as follows:

For the Year Ending June 30, 2012	\$	8,200
2013		2,042
		\$ 10,242

**ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 6 - BOARD DESIGNATED NET ASSETS

At June 30, 2010 and 2009, unrestricted net assets of \$136,208 and \$169,199, respectively, have been designated by the Organization's Board of Directors as reserved for future expenditures and \$1,625,189 and \$806,448, respectively, have been reserved for the renovation of a new facility.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Endowment Fund	10,000	0
	\$ 10,000	\$ 0

NOTE 8 - NET ASSETS RELEASE FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors. The following amounts were released during the years ended June 30, 2010 and 2009:

	2010	2009
Location Contributions	961,870	229,412
	\$ 961,870	\$ 229,412

NOTE 9 - LEASE COMMITMENTS

The Organization leases its facilities from Northwestern University under an operating lease that expires on June 30, 2014. The lease calls for yearly payments ranging from \$10,500 to \$14,500. The Organization began leasing a vehicle in July, 2004. The lease calls for monthly payments of \$350 and expired July, 2009. The Organization began leasing two copiers in March, 2009. The lease calls for monthly payments of \$561 and expires February 2012. Rent expense for the years ending June 30, 2010 and 2009 is \$19,437 and \$23,436, respectively.

**ROYCEMORE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

NOTE 9 - LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments are as follows:

Year Ending June 30, 2011	\$	19,732
2012		17,988
2013		14,000
2014		14,500
		<hr/>
	\$	66,220

NOTE 10 - DONATED FACILITY

The Organization occupies the Roycemore School located at 640 Lincoln Street under an operating lease agreement with Northwestern University. The Organization pays substantially less than the fair value of the rent to the University. The approximate fair value of the annual rental is \$120,000. As a result, the difference between the fair value and the rent paid is included in contributions and in expenses in the Statements of Activities. For the years ended June 30, 2010 and 2009, this amounts to \$108,500, respectively.

NOTE 11 - RETIREMENT PLAN

The Pension Plan consists of an annuity arrangement under Internal Revenue Code Section 403(b)(1) for the benefit of the School faculty and administrators. The Organization's contributions to the plan are based on a matching of the employees' contributions of up to 5% of a participant's salary. Benefits are provided by individually insured contracts issued by the annuity carrier.

NOTE 12 - COMMITMENTS

The Organization entered into a Purchase Sale Agreement with General Board of Pension and Health Benefits of the United Methodist Church, for the acquisition of the property located at 1200 Davis Street, Evanston, Illinois. Deposits were made to the escrow agent, First American Title Insurance Company. The deposits totaled \$1,007,325 and \$1,000,000 at June 30, 2010 and 2009. The final purchase amount is still in negotiations.

NOTE 13 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 29, 2010, the date the financial statements were issued.

**ROYCEMORE SCHOOL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Management and General	Fundraising	Total
COMPENSATION				
Faculty, Substitutes and Teachers Aides	\$ 1,383,515	\$ 153,724	\$ 0	1,537,239
Administrative and Staff Salaries	474,559	206,330	6,878	687,767
Employee Benefits	190,324	63,441	0	253,765
Payroll Taxes	136,163	31,435	504	168,102
Summer Salaries	87,347	0	0	87,347
Transportation Salaries	0	51,784	0	51,784
Maintenance Salaries	0	19,807	0	19,807
TOTAL COMPENSATION	2,271,908	526,521	7,382	2,805,811
EDUCATIONAL PROGRAMS				
Lunchroom	160,930	0	0	160,930
Educational Materials and Textbooks	137,106	0	0	137,106
General Administration	0	91,598	4,821	96,419
Promotions	85,973	0	0	85,973
Transportation	50,851	0	0	50,851
Student Activities	34,602	0	0	34,602
Summer	32,069	0	0	32,069
TOTAL EDUCATIONAL PROGRAMS	501,531	91,598	4,821	597,950
FACILITY				
Ground Rental	99,346	11,163	1,116	111,625
Other Buildings and Grounds	96,926	10,770	0	107,696
Utilities	42,923	4,769	0	47,692
Technology Hardware	12,184	1,354	0	13,538
Building Repairs	9,999	1,111	0	11,110
Furniture and Fixtures	1,591	177	0	1,768
TOTAL FACILITY	262,969	29,344	1,116	293,429
OTHER				
Location Efforts	0	187,561	0	187,561
Miscellaneous	0	102,225	13,525	115,750
Banquet	0	0	35,561	35,561
TOTAL OTHER	0	289,786	49,086	338,872
TOTAL FUNCTIONAL EXPENSES	\$ 3,036,408	\$ 937,249	\$ 62,405	\$ 4,036,062

**ROYCEMORE SCHOOL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Services	Management and General	Fundraising	Total
COMPENSATION				
Faculty, Substitutes and Teachers Aides	\$ 1,328,694	\$ 147,633	\$ 0	1,476,327
Administrative and Staff Salaries	452,453	196,718	6,557	655,728
Employee Benefits	178,111	59,370	0	237,481
Payroll Taxes	129,801	29,935	501	160,237
Summer Salaries	73,219	0	0	73,219
Transportation Salaries	0	46,959	0	46,959
TOTAL COMPENSATION	2,162,278	480,615	7,058	2,649,951
EDUCATIONAL PROGRAMS				
Lunchroom	171,942	0	0	171,942
Educational Materials and Textbooks	142,047	0	0	142,047
General Administration	0	98,319	5,175	103,494
Promotions	88,310	0	0	88,310
Transportation	49,455	0	0	49,455
Student Activities	41,482	0	0	41,482
Summer	41,185	0	0	41,185
TOTAL EDUCATIONAL PROGRAMS	534,421	98,319	5,175	637,915
FACILITY				
Other Buildings and Grounds	129,767	14,419	0	144,186
Ground Rental	107,245	12,050	1,205	120,500
Utilities	47,564	5,285	0	52,849
Building Repairs	27,900	3,100	0	31,000
Technology Hardware	9,651	1,072	0	10,723
Furniture and Fixtures	3,121	347	0	3,468
TOTAL FACILITY	325,248	36,273	1,205	362,726
OTHER				
Location Efforts	0	275,324	0	275,324
Miscellaneous	0	175,328	48,400	223,728
Banquet	0	0	36,733	36,733
TOTAL OTHER	0	450,652	85,133	535,785
TOTAL FUNCTIONAL EXPENSES	\$ 3,021,947	\$ 1,065,859	\$ 98,571	\$ 4,186,377

Appendix B

The Indenture

[Follows on the Next Page]

BOND TRUST INDENTURE

Between

CITY OF EVANSTON

and

WELLS FARGO BANK, N.A.,
as Bond Trustee

Dated as of July 1, 2011

\$13,590,000 City of Evanston
Educational Facility Revenue Bonds, Series 2011
(Roycemore School Project)

BOND TRUST INDENTURE

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Exhibit A – Form of Series 2011 Bond		

THIS BOND TRUST INDENTURE (the "*Bond Indenture*") dated as of July 1, 2011, between the CITY OF EVANSTON, ILLINOIS, a municipality and home rule unit of the State of Illinois (the "*City*"), pursuant to the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois (the "*Illinois Constitution*"), Ordinance No. 60-O-11 adopted by the City on July 11, 2011 (the "*Ordinance*"), and WELLS FARGO BANK, N.A., as bond trustee (the "*Bond Trustee*"), a national banking association duly organized and validly existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States, with a designated corporate trust office, domicile and post office address at 230 West Monroe Street, Chicago, Illinois 60606;

W I T N E S S E T H:

WHEREAS, the City is a municipality and home rule unit of the State of Illinois, pursuant to the provision of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, the City, pursuant to the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, a municipality and home rule unit of the State of Illinois, is authorized and empowered to exercise any power or perform any function pertaining to its government or affairs, including the issuance of revenue bonds to finance projects within the territorial limits of the City or to refund bonds issued to finance said projects, and may authorize the issuance of such bonds by ordinance of the City for the purpose of loaning funds to the Corporation, as defined herein, for such purposes, such bonds to be secured by instruments evidencing and securing such loans to such Corporation and to be payable solely out of the payments made by such Corporation thereon, and to enter into a trust indenture providing for the issuance of such bonds and for their payment and security; and

WHEREAS, Roycemore School (the "*Corporation*"), an Illinois not for profit corporation, desires to obtain moneys which will be used to provide the Corporation with a portion of the funds necessary to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "*Campus*") with an existing three level, 66,000 square foot building (the "*Facility*" and together with the Campus, the "*School Facility*"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (together with Clause (ii), collectively, the "*Project*"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "*Financing Purposes*"); and

WHEREAS, the City is authorized under the Ordinance to issue its bonds for the purposes aforesaid, and the City has determined that the proper public service will be best served and that the well-being of the residents of the City can be more advantageously obtained by the City's issuance of the Bonds in order to obtain funds to loan to the Corporation for the foregoing purposes; and

WHEREAS, the execution and delivery of this Bond Indenture and the issuance of the Bonds under the Ordinance have been in all respects duly and validly authorized by the Ordinance duly passed and approved by the City; and

WHEREAS, it has been determined that in order to accomplish such purposes the City will issue \$13,590,000 in aggregate principal amount of its Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project) (the "*Series 2011 Bonds*" or the "*Bonds*"); and

WHEREAS, the City will loan all of the proceeds of the Series 2011 Bonds to the Corporation pursuant to a Loan Agreement dated as of July 1, 2011 (the "*Loan Agreement*") between the Corporation and the City, pursuant to which the Corporation will covenant to make payments at such times and in such amounts (including principal, interest and premium, if any) so as to provide for the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds outstanding under this Bond Indenture; and

WHEREAS, as further security for the repayment of the Series 2011 Bonds, the Corporation will issue to the City its Promissory Note, Series 2011 (the "*Series 2011 Note*"), in the principal amount of \$13,590,000, pursuant to the Loan Agreement; and

WHEREAS, as further security for the repayment of the Series 2011 Bonds, the Corporation will be entering into, among other things, a Mortgage, Security Agreement and Assignment of Leases and Rents dated as of July 1, 2011 (the "*Mortgage*") between the Corporation and Wells Fargo Bank, N.A.; and

WHEREAS, as further security for the repayment of the Series 2011 Bonds, the Corporation will be assigning all of its rights under all construction and insurance contracts related to the Project as well as all permits, operating licenses, leases and other agreements related to the Project which may be assigned under Illinois law (the "*Assignments*");

WHEREAS, the Series 2011 Bonds, and the Bond Trustee's certificate of authentication to be endorsed thereon, are to be in substantially the forms set forth as Exhibit A hereto, with necessary and appropriate variations, omissions and insertions as permitted or required by this Bond Indenture; and

WHEREAS, all things necessary to make the Series 2011 Bonds, when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute this Bond Indenture a valid assignment and pledge of the payments and prepayments upon the Series 2011 Note to be applied to the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds and a valid assignment of the right, title and interest of the City under the Loan Agreement and amounts payable under the Loan Agreement (except Unassigned Rights, as hereinafter defined), have been done and performed, and the creation, execution and delivery of the Bond Indenture, and the creation, execution and issuance of the Series 2011 Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, THIS BOND INDENTURE WITNESSETH:

That the City in consideration of the premises and of the purchase of the Series 2011 Bonds and of other good and lawful consideration, the receipt of which is hereby acknowledged, and to secure the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds and the performance and observance of all of the covenants and conditions herein or therein contained, has executed and delivered this Bond Indenture and has conveyed,

granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and by these presents does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Bond Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular the property hereinafter described (said property being herein sometimes referred to as the "trust estate") to wit:

GRANTING CLAUSES

DIVISION I

All right, title and interest of the City in and to the Series 2011 Note pledged hereunder and all sums payable in respect of the indebtedness evidenced thereby;

DIVISION II

All right, title and interest of the City in and to the Loan Agreement and the amounts payable to the City under the Loan Agreement (excluding Unassigned Rights);

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, granted, pledged, assigned or transferred as and for additional security hereunder by the City, the Corporation or by anyone on their behalf to the Bond Trustee, including without limitation funds of the Corporation held by the Bond Trustee as security for the Series 2011 Bonds;

EXCEPTED PROPERTY

There is, however, expressly excluded from the lien and operation of this Bond Indenture amounts on deposit in the Rebate Fund established by the Tax Compliance Agreement (as such terms are hereinafter defined) and amounts required to be deposited therein;

TO HAVE AND TO HOLD, all and singular, the properties and the rights and privileges hereby conveyed, assigned and pledged by the City or intended so to be, unto the Bond Trustee and its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of each and every owner of the Series 2011 Bonds issued and to be issued hereunder, without preference, priority or distinction as to participation in the benefit and protection hereof of one Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Series 2011 Bonds shall have the same right, lien and privilege under this Bond Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the City or its successors or assigns shall well and truly pay or cause to be paid the principal of such Series 2011 Bonds with interest according to the provisions set forth in the Series 2011 Bonds or shall provide for the payment or redemption of such Series 2011 Bonds by depositing

or causing to be deposited with the Bond Trustee the entire amount of funds or securities required for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the City, then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Bond Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the City and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the City and the Corporation such instruments of satisfaction or release as may be necessary or proper to discharge this Bond Indenture, including if appropriate any required discharge of record, and if necessary shall grant, reassign and deliver to the City, its successors or assigns, all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Bond Indenture shall be and remain in full force.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that all Series 2011 Bonds are to be issued, authenticated and delivered, and that all the trust estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the City, for itself and its successors, does hereby covenant and agree to and with the Bond Trustee and its respective successors in said trust, for the benefit of those who shall own the Series 2011 Bonds, or any of them as follows:

ARTICLE I

Definitions

Section 101. Definitions. In addition to the words and terms defined elsewhere in this Bond Indenture, the following words and terms as used herein shall have the following meanings unless the context or use indicates another or different meaning:

“Authorized Corporation Representative” means such person at the time and from time to time designated to act on behalf of the Corporation by written certificate furnished to the City and the Trustee, containing the specimen signature of such person, signed on behalf of the Corporation by the member, the manager or an authorized officer of the Corporation. Such certificate may designate an alternate or alternates.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Bond Counsel” means a nationally recognized firm of municipal bond attorneys which are Independent Counsel and who are acceptable to the City and the Bond Trustee.

“Bond Financed Property” means all of the property of the Corporation financed or refinanced with the proceeds of the Series 2011 Bonds.

“Bond Indenture” means this Bond Trust Indenture dated as of July 1, 2011 between the City and the Bond Trustee, as it may from time to time be amended or supplemented.

“*Bond Register*” means the registration books of the City kept by the Bond Trustee to evidence the registration and transfer of the Series 2011 Bonds.

“*Bond Registrar*” means, with respect to the Series 2011 Bonds, a person or entity, if any, designated by the City herein to keep a register of the Series 2011 Bonds and of the transfer and exchange of the Series 2011 Bonds, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant hereto.

“*Bond Trustee*” means Wells Fargo Bank, N.A., its successors and assigns, or any successor bond trustee under this Bond Indenture.

“*Bond Year*” means the period of 12 consecutive months ending July 21 of any year in which Bonds are Outstanding.

“*Bonds*” means the Series 2011 Bonds.

“*Bondholder*,” “*holder*,” “*owner*” or “*owner of the Bonds*” each means the registered owner of any Bond.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois or the State of New York or in any city in which the designated corporate trust office of the Bond Trustee is located, are required or authorized by law to close or (b) a day on which the New York Stock Exchange is closed.

“*Closing Date*” means the date of the initial issuance and delivery of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

“*Commitment Indebtedness*” means the obligation of the Corporation to repay amounts disbursed pursuant to a binding commitment from a financial institution (including a line of credit, letter of credit, standby bond purchase agreement, reimbursement agreement or similar credit or liquidity facility or arrangement established in connection with the issuance or incurrence of any Indebtedness of the Corporation) to refinance, pay, purchase or redeem when due, tendered or required to be paid, purchased or redeemed, other Indebtedness of the Corporation, which other Indebtedness was incurred were issued in accordance with the Loan Agreement, and the obligation of the Corporation to pay interest payable on amounts disbursed for such purposes, plus any fees payable to such financial institution for such commitment.

“*Completion Date*” means the earlier of (a) the date of completion of the Project in accordance with the Plans and Specifications, as set forth in a completion certificate delivered pursuant to Section 5.4 of the Loan Agreement and satisfaction of the conditions set forth in such Section, or (b) the third anniversary of the Closing Date.

“*Corporation*” means Roycemore School, an Illinois not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Costs of the Project" means (a) obligations of the Corporation incurred, or reimbursement to the Corporation, for labor and to contractors, builders and materialmen in connection with the construction and installation of the Project; (b) the cost of insurance of all kinds that may be required or necessary during the course of installation of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) all costs of engineering services, including test borings, surveys, estimates, plans and specifications and preliminary investigations, and supervising installation, as well as for the performance of all other duties required by or consequent upon the proper installation of the Project; (d) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction of the Project; (e) interest on the Bonds prior to the installation of the Project that may be capitalized under the Code and generally accepted accounting principles; (f) all other costs relating to the Project to the extent that (i) such costs are eligible for payment hereunder, and (ii) payment of such costs will not cause the interest on the Series 2011 Bonds to be included in gross income for federal income tax purposes; (g) other costs of a nature comparable to those described in clauses (a) through (f) above which the Corporation shall be required to pay as a result of the damage, destruction, condemnation or taking of the Project or any portion thereof; and (h) working capital expenditures of the Corporation.

"Debt Service Coverage Ratio" means, for any Fiscal Year, the ratio of Income Available for Debt Service in such Fiscal Year to the Maximum Annual Debt Service Requirements for such Fiscal Year.

"Debt Service Requirements" means, for any Fiscal Year and with respect to any Outstanding Bonds, the sum of (a) the amount required to pay the interest coming due on such Outstanding Bonds during such Fiscal Year, plus (b) the amount required to pay the principal coming due on such Outstanding Bonds during such Fiscal Year, whether at maturity or upon mandatory sinking fund redemption.

"Debt Service Reserve Fund Requirement" means the maximum annual principal and interest requirements on the Series 2011 Bonds.

"Defaulted Interest" means interest on any Bond which is payable but not duly paid on the date due.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns appointed pursuant to Section 210 hereof.

"DTC Participants" means those broker dealers, banks and other financial institutions reflected on the books of DTC.

"Expenses" means, for any period, the aggregate of all expenses calculated under generally accepted accounting principles, including without limitation any taxes, incurred by the Corporation during such period, but excluding (a) interest on Funded Indebtedness, (b) depreciation and amortization, (c) any unrealized loss resulting from changes in the value of investment securities, (d) non-recurring, non-cash expenses (including without limitation losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt), and (e) losses resulting from any reappraisal, revaluation or write-down of assets.

“*Fiscal Year*” means any twelve month period beginning on June 30th of any calendar year and ending on June 30th of the succeeding calendar year, or any other twelve month period selected by the Corporation as the fiscal year of the Corporation by written notice to the Trustee.

“*Fitch*” means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Fitch*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation with written notice to the Bond Trustee and the City.

“*Funded Indebtedness*” means Indebtedness having a final maturity or final payment date of more than one year from the date of creation thereof or which is renewable or extendible at the option of the obligor to a date more than one year from the date of creation thereof.

“*Governing Body*” means the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

“*Government Obligations*” means securities which consist of (a) United States Government Obligations or (b) evidences of a direct ownership in future interest or principal payments on United States Government Obligations, which obligations are held in a custody account by a custodian satisfactory to the Bond Trustee pursuant to the terms of a custody agreement.

“*Gross Revenues*” means all receipts, revenues, rentals, income, insurance proceeds, condemnation awards and other moneys received by or on behalf of the Corporation, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the School Facility and all rights to receive the same, whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Corporation incurred in the financing, operation, maintenance or repair of any portion of the School Facility; provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions to the Corporation heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under this Bond Indenture.

“*Immediate Notice*” means notice by telephone, telex, telecopier or electronic mail to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice shall not have been provided with the necessary information as to the telephone, telex, telecopier number or electronic mail address of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

"Income Available for Debt Service" means, for any period of time, the excess of Revenues over Expenses.

"Indebtedness" means (a) all indebtedness of the Corporation for borrowed money including guarantees or that has been incurred in connection with the acquisition of assets, excluding, however, indebtedness incurred in connection with a gift, bequest or devise of Property that is secured by a Lien on such Property and liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to any other Property of the Corporation and (b) the capitalized value of the liability under any lease of Property which is properly capitalized on the balance sheet of the Corporation in accordance with generally accepted accounting principles. Indebtedness shall not include any Interest Rate Agreement.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for the City, the Corporation or the Bond Trustee.

"Initial Majority Bondholders" means a fund or funds managed by Nuveen Asset Management.

"Initial Purchaser" means the Placement Agent named in the Placement Agreement, the initial purchaser of the Series 2011 Bonds.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2012. If any date so specified is not a Business Day, the Interest Payment Date shall be the immediately following Business Day.

"Interest Rate Agreement" means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer's Certificate of the Corporation delivered to the Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g. a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Issuance Costs" means items of expense payable or reimbursable directly or indirectly by the City or the Corporation and related to the authorization, sale and issuance of the Series 2011 Bonds and authorization and execution of this Loan Agreement, which items of expense shall include, but not be limited to, application fees and expenses, publication costs, printing costs, title insurance costs, costs of reproducing documents, filing and recording fees, Bond Counsel fees, costs of credit ratings, initial fees of the Bond Trustee, Placement Agent's fees, charges for execution, transportation and safekeeping of the Series 2011 Bonds and related documents, and other costs, charges and fees in connection with the foregoing.

"Lien" means, with respect to the Loan Agreement, any mortgage, pledge of, security interest in or lien, charge, restriction or encumbrance on any Cash and Investments of the Corporation involved in favor of, or which secures any obligation to, any Person other than the Corporation.

“*Lien*” means, with respect to the Mortgage, any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Mortgaged Property of the Person involved in favor of, or which secures any obligation to, any Person other than the Mortgagor.

“*Loan Agreement*” means the Loan Agreement dated as of July 1, 2011 between the City and the Corporation, as it may from time to time be amended and supplemented.

“*Majority of Bondholders*” means any one person or entity owning all of the aggregate principal amount of the outstanding Bonds; provided, however, if no single person or entity holds all of the outstanding Bonds, “Majority of Bondholders” shall mean the holder or holders of at least fifty percent (50%) in aggregate principal amount of outstanding Bonds. The Initial Majority Bondholders shall be as defined herein.

“*Management Consultant*” means a firm selected by the Corporation and qualified to pass upon questions relating to the financial affairs, condition and operations of legal entities similar to the Corporation engaged in activities similar to those of the Corporation and having a favorable and nationally recognized reputation for skill and experience in the analysis of such financial affairs, which firm shall have no interest, direct or indirect, in the Corporation and shall not have a partner, member, trustee, officer or employee who is a member, trustee, officer or employee of the Corporation; it being understood that an arms-length contract with the Corporation for the performance of service shall not be regarded as creating an interest in or an employee relationship with such firm.

“*Maximum Annual Debt Service Requirement*” means, with respect to any Bonds, the maximum Debt Service Requirements on such Bonds in the current or any succeeding Fiscal Year of the Corporation; provided, however, that in making such determination, the amount of principal and interest payable on any Bonds in any Fiscal Year of the Corporation shall be reduced by any amount which will be released during such Fiscal Year from the Debt Service Reserve Fund as a result of the amortization of the Bonds in such Fiscal Year or a prior Fiscal Year.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by notice to the Bond Trustee and the City.

“*Mortgage*” means the Mortgage, Security Agreement and Assignment of Leases and Rents dated as of July 1, 2011 between the Corporation, as Mortgagee, and Wells Fargo Bank, N.A., as Bond Trustee, as Mortgagor.

“*Officer’s Certificate*” means a certificate signed, in the case of a certificate delivered by a corporation, by the President, any Vice-President or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such

other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Bond Trustee.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel in form and substance acceptable to the City and the Bond Trustee (which opinion may be based on a ruling or rulings of the Internal Revenue Service).

“*Ordinance*” means the City’s Ordinance No. 60-O-11 adopted on July 11, 2011.

“*Outstanding Bonds*,” “*Outstanding Series 2011 Bonds*” or “*Bonds outstanding*” means, as of any given date, all Bonds which have been duly authenticated and delivered by the Bond Trustee under this Bond Indenture, except:

(a) Bonds canceled after purchase thereof in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash or noncallable Government Obligations or both shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in accordance with this Bond Indenture; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee shall have been filed with the Bond Trustee;

(c) Bonds in lieu of which others have been authenticated under Section 204, 205, 207 or 208 hereof; and

(d) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the City or the Corporation, except that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Bond Trustee shall be obligated to consider as not being Outstanding only Bonds of which the Bond Trustee has actual notice to be so held.

“*Paying Agent*” means the bank or banks, if any, designated pursuant to this Bond Indenture to receive and disburse the principal of and interest on the Series 2011 Bonds. The Paying Agent is initially the Bond Trustee.

“*Person*” means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

“*Placement Agreement*” means the Placement Agreement dated July 18, 2011 among the Placement Agent, the Corporation and the City, providing for the sale of the Series 2011 Bonds.

“*Project*” has the meaning ascribed to such term in the recitals hereto.

“*Private Placement Memorandum*” means the Private Placement Memorandum dated July 18, 2011 prepared in connection with the issuance and sale of the Series 2011 Bonds.

“*Qualified Investments*” means dollar denominated investments in any of the following:

(a) Government Obligations;

(b) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank or the Student Loan Marketing Association) which is either (i) at the time of purchase rated in the highest rating category by any Rating Agency, or (ii) backed by the full faith and credit of the United States of America;

(c) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody’s;

(d) investment agreements with banks with a national or state charter as a commercial bank or financial institutions that qualify pursuant to the terms herein (including the Bond Trustee to the extent it qualifies under the provisions herein) that at the time such agreement is executed are rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency or investment agreements with non-bank financial institutions, provided that (1) all of the unsecured, direct long-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if such non-bank financial institution and any related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by any Rating Agency. If such non-bank financial institution and any guarantor do not have any short-term or long-term debt, but do have a rating in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), then investment agreements with such non-bank financial institutions will be permitted;

(e) investments in a money market fund, which may be funds of the Bond Trustee or an affiliate of the Bond Trustee, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency; and

(f) shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and the majority of whose investments consist solely of Qualified Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Bond Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

Any other investment approved in writing by the majority of Bondholders.

The Bond Trustee shall be entitled to assume that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

For the purposes of this definition, obligations issued or held in the name of the Bond Trustee (or in the name of the City and payable to the Bond Trustee) in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Bond Trustee.

“*Rating Agency*” means Moody’s, Standard & Poor’s or Fitch and their respective successors and assigns.

“*Rebate Fund*” means the fund created under the Tax Compliance Agreement to comply with Section 148(f) of the Code.

“*Record Date*” means, with respect to Bonds, the December 15 or June 15 (whether or not a Business Day) next preceding an Interest Payment Date.

“*Representation Letter*” means the Blanket DTC Letter of Representations dated December 16, 1997 from the City accepted by DTC.

“*Revenues*” means, for any period, all revenues of the Corporation during such period as determined in accordance with generally accepted accounting principles; but excluding (i) any unrealized gain or loss resulting from changes in the value of investment securities, (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write-up of fixed or capital assets, (iv) any payments from a tenant in the Project, a food service company serving the Project or any other Person with contractual arrangements with the Corporation relating to the Project, however, denominated and whether paid in a single payment or over a period of time, specifically designated by such tenant, food service company or other Person in its lease, management agreement or other operative document as being for improvements, equipment, initial inventory, initial supplies, brokerage commissions or other capital expenditures, (v) gifts, grants, bequests, donations and contributions to the Corporation heretofore or hereafter made, and the income and gains derived theretofore which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Bond Indenture.

“*Series 2011 Bonds*” means the \$13,590,000 aggregate principal amount of City of Evanston Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project) authorized to be issued pursuant to the terms and conditions of this Bond Indenture.

“*Series 2011 Note*” means the \$13,590,000 principal amount Promissory Note, Series 2011 of the Corporation, in substantially the form attached to the Loan Agreement.

“*Special Record Date*” means the date fixed by the Bond Trustee pursuant to Section 202 of this Bond Indenture for the payment of Defaulted Interest.

“*Standard & Poor’s*” or “*S&P*” means Standard & Poor’s Rating Service, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Standard & Poor’s*” or “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency which has been designated by the Corporation by notice to the Bond Trustee and the City.

“*State*” means the State of Illinois.

“*Tax-Exempt Organization*” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code and is not a “*private foundation*” within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income laws from time to time in effect.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement relating to the Series 2011 Bonds dated the Closing Date among the Corporation, the City and the Bond Trustee and all amendments and supplements thereto.

“*Unassigned Rights*” means the right of the City to receive payment of its fees and expenses, the City’s right to indemnification in certain circumstances, the City’s right to receive notices and make determinations pursuant to Article IV and Section 8.1 of the Loan Agreement, and the City’s right to execute and deliver supplements and amendments to the Loan Agreement.

“*United States Government Obligations*” means noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America.

“*Unrelated Trade or Business*” means an activity which constitutes an “*unrelated trade or business*” within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code.

“*Written Request*” with reference to the City means a request in writing (which may be by electronic means acceptable to the Bond Trustee) signed by the Mayor, Manager, Corporation Counsel, or Treasurer of the City, and with reference to the Corporation means a

request in writing signed by the President, a Vice President, Secretary or Assistant Secretary of the Corporation, or any other officers designated by the City or the Corporation, as the case may be.

Section 102. Rules of Construction. Unless the context shall otherwise require,

(a) an accounting term not otherwise defined herein shall have the meaning assigned to it in accordance with generally accepted accounting principles;

(b) references to Articles and Sections are to the Articles and Sections of this Bond Indenture;

(c) words of the neuter gender shall be deemed and construed to include correlative words of the feminine and masculine genders;

(d) unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa;

(e) headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof; and

(f) all references in this instrument to designated "*Articles*," "*Sections*" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "*herein*," "*hereof*" and "*hereunder*" and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

ARTICLE II

The Bonds

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Bond Indenture except in accordance with this Article. The total principal amount of Series 2011 Bonds that may be issued is hereby expressly limited to \$13,590,000.

Section 202. Issuance of Series 2011 Bonds.

(a) *Issuance of Series 2011 Bonds.* The Series 2011 Bonds shall be designated "City of Evanston Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project)." The Series 2011 Bonds shall bear interest from their dated date and shall be issuable as registered bonds in Authorized Denominations. Unless the City shall otherwise direct, the Series 2011 Bonds shall be numbered from R-1 upward. The Series 2011 Bonds, as initially issued, will be dated as of their date of original issuance. Except as described in the next sentence, subsequently issued Series 2011 Bonds will be dated the later of their date of original issuance or the most recent preceding Interest Payment Date to which interest has been paid

thereon. Series 2011 Bonds issued on an Interest Payment Date to which interest has been paid will be dated as of such date. Interest on the Series 2011 Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2012. Interest on the Series 2011 Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2011 Bonds shall bear interest (based on a 360-day year of twelve 30-day months) at the respective rates and shall mature on July 1 of each of the years and in the principal amounts set forth in the following schedule:

Year of Maturity (July 1)	Interest Rate	Principal Amount
2030	7.750%	\$7,865,000
2035	8.000	1,545,000
2041	8.250	4,180,000

(b) *Payment of Principal and Interest.* The principal of, premium, if any, and interest on the Series 2011 Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, in legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable (i) upon presentment at the designated corporate trust office of the Bond Trustee at 230 West Monroe Street, Chicago, Illinois 60606, or its agent or successor as Bond Trustee, or at the office of any alternate Paying Agent named in any such Series 2011 Bond or (ii) as to any registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing on or prior to the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. Except as provided below with respect to Defaulted Interest, payment of the interest on the Series 2011 Bonds shall be made to the person appearing on the Bond Register as the registered owner thereof as of the close of business of the Bond Trustee on the Record Date for such interest payment and shall be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner's address as it appears on the Bond Register or at such other address as is furnished to the Bond Trustee in writing by the Record Date by such owner, or (ii) as to any registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects, by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing by the Record Date and upon compliance with the reasonable requirements of the Bond Trustee.

(c) *Defaulted Interest.* Defaulted Interest with respect to any Series 2011 Bond shall cease to be payable to the owner of such Series 2011 Bond on the relevant Record Date and, except as hereinafter provided, shall be payable to the person in whose name such Series 2011 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Bond Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Series 2011 Bond and the date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof) and, at

the same time, the Corporation shall deposit with the Bond Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the owners of the Series 2011 Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 or less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, not less than 10 days prior to such Special Record Date to each owner of a Series 2011 Bond at the address of such owner as it appears on the Bond Register. Such Defaulted Interest shall be paid to the owners in whose names the Series 2011 Bonds on which such Defaulted Interest is to be paid are registered on such Special Record Date.

Section 203. Execution; Limited Obligation; No Liability of State. The Series 2011 Bonds shall be executed on behalf of the City with the manual or facsimile signature of its Mayor and shall have impressed or imprinted thereon the official seal of the City or a facsimile thereof and shall be attested by the manual or facsimile signature of its City Clerk. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any official whose signature or a facsimile of whose signature shall appear on the Series 2011 Bonds shall cease to be such official before the delivery of such Series 2011 Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery. The Series 2011 Bonds may be signed on behalf of the City by such persons who, at the time of the execution of such Series 2011 Bonds, are duly authorized or hold the appropriate office of the City, although on the date of the Series 2011 Bonds such persons were not so authorized or did not hold such offices.

The Series 2011 Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special, limited obligations of the City secured by the Loan Agreement and the Series 2011 Note pledged hereunder and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Series 2011 Note (except to the extent paid out of moneys attributable to proceeds of the Series 2011 Bonds, the income from the temporary investment thereof or payments made pursuant to or derived from a credit enhancement device), are and shall always be a valid claim of the owner thereof only against the revenues and income derived from the Loan Agreement and the Series 2011 Note, which revenues and income shall be used for no other purpose than to pay the principal installments of, premium, if any, and interest on the Series 2011 Bonds, except as may be expressly authorized otherwise in this Bond Indenture and in the Loan Agreement.

The Series 2011 Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the City, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Series 2011 Note pledged hereunder (except as stated aforesaid). No owner of the Series 2011 Bonds

shall have the right to compel the exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2011 Bonds.

Section 204. Authentication. No Series 2011 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Indenture unless and until a certificate of authentication on such Series 2011 Bond substantially in the form set forth in *Exhibit A* hereto shall have been duly executed by the Bond Trustee, and such executed certificate of the Bond Trustee upon any such Series 2011 Bond shall be conclusive evidence that such Series 2011 Bond has been authenticated and delivered under this Bond Indenture. The Bond Trustee's certificate of authentication on any Series 2011 Bond shall be deemed to have been executed by it if signed by an authorized signer of the Bond Trustee, but it shall not be necessary that the same signer sign the certificate of authentication on all of the Series 2011 Bonds issued hereunder.

Section 205. Form of Series 2011 Bonds and Temporary Bonds. The Series 2011 Bonds shall be substantially in the form set forth in *Exhibit A*, hereto with such appropriate variations, omissions and insertions as are permitted or required by this Bond Indenture or deemed necessary by the Bond Trustee and the City.

The Series 2011 Bonds may be initially issued in temporary form exchangeable for definitive Series 2011 Bonds when ready for delivery. The temporary Series 2011 Bonds shall be of such denomination or denominations as may be determined by the City and may contain such reference to any of the provisions of this Bond Indenture as may be appropriate. Every temporary Series 2011 Bond shall be executed by the City and be authenticated by the Bond Trustee upon the same conditions and in substantially the same manner as the definitive Series 2011 Bonds. If the City issues temporary Series 2011 Bonds it will execute and furnish definitive Series 2011 Bonds without delay and thereupon the temporary Series 2011 Bonds may be surrendered for cancellation in exchange therefor at the designated corporate trust office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary Series 2011 Bonds an equal aggregate principal amount of definitive Series 2011 Bonds of the same maturity of authorized denominations. Until so exchanged, the temporary Series 2011 Bonds shall be entitled to the same benefits under this Bond Indenture as definitive Series 2011 Bonds authenticated and delivered hereunder.

Section 206. Delivery of Series 2011 Bonds. Upon the execution and delivery of this Bond Indenture, the City shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Series 2011 Bonds to be issued in the aggregate principal amount of \$13,590,000 and deliver such Series 2011 Bonds to the purchasers as may be directed by the City as hereinafter in this Section 206 provided.

Prior to the delivery by the Bond Trustee of any of the Series 2011 Bonds there shall be filed with or delivered to the Bond Trustee and the City:

- (a) a copy, duly certified by the Mayor, City Clerk or Treasurer of the City or such other officer as the City may designate, of the Ordinance adopted and approved by the City authorizing the execution and delivery of the Loan Agreement, the Tax

Compliance Agreement, the Placement Agreement, the Private Placement Memorandum, this Bond Indenture and the issuance and sale of the Series 2011 Bonds;

(b) a copy, duly certified by the Secretary or an Assistant Secretary of the Corporation, of the resolutions adopted and approved by the Corporation authorizing the execution and delivery of the Series 2011 Note, the Tax Compliance Agreement, the Loan Agreement, the Private Placement Memorandum and the Placement Agreement and approving this Bond Indenture and the issuance and sale of the Series 2011 Bonds;

(c) the original executed and authenticated Series 2011 Note and an original executed counterpart of this Bond Indenture, the Tax Compliance Agreement, the Private Placement Memorandum, the Loan Agreement, the Mortgage, and the Placement Agreement;

(d) a request and authorization to the Bond Trustee on behalf of the City and signed by its Mayor, Treasurer, City Clerk, or such other officer as the City may designate to authenticate and deliver the Series 2011 Bonds in an aggregate principal amount not exceeding \$13,590,000 to the purchasers therein identified upon payment to the Bond Trustee, but for the account of the City, of the net proceeds from the sale of the Series 2011 Bonds; and

(e) such other closing documents and opinions of counsel as the Bond Trustee or the City may reasonably specify in writing (which may be done through the inclusion of such items on the final closing agenda prepared in connection with the issuance of the Series 2011 Bonds).

Section 207. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any temporary or definitive Series 2011 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Bond Trustee may authenticate a new Series 2011 Bond of like form, date, series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2011 Bond, such mutilated Series 2011 Bond shall first be surrendered to the City, and in the case of any lost, stolen or destroyed Series 2011 Bond, there shall be first furnished to the City and the Bond Trustee evidence of such loss, theft or destruction satisfactory to the City and the Bond Trustee, together with indemnity satisfactory to them. In the event any such Series 2011 Bond shall have matured or shall have been called for redemption, instead of issuing a duplicate Series 2011 Bond the City may pay the same without surrender thereof. The City and the Bond Trustee may charge the owner of such Series 2011 Bond with their reasonable fees and expenses in this connection.

Section 208. Transfer and Exchange of Series 2011 Bonds; Persons Treated as Owners. The City shall cause the Bond Register to be kept by the Bond Trustee at its designated corporate trust office. At reasonable times and under reasonable regulations established by the Bond Trustee, the Bond Register may be inspected and copied by the City.

Only upon surrender for transfer of any Series 2011 Bond at the designated corporate trust office of the Bond Trustee shall the City execute and the Bond Trustee authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2011 Bond or Series 2011 Bonds of Authorized Denomination of the same maturity for the

aggregate principal amount which the registered owner is entitled to receive. Any Series 2011 Bond or Series 2011 Bonds may be exchanged at said office of the Bond Trustee for a like aggregate principal amount of Series 2011 Bond or Series 2011 Bonds of the same maturity of other Authorized Denominations. The execution by the City of any Series 2011 Bond shall constitute full and due authorization of such Series 2011 Bond, and the Bond Trustee shall thereby be authorized to authenticate, date and deliver such Series 2011 Bond.

All Series 2011 Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Trustee, duly executed by the registered owner or by such owner's duly authorized attorney.

No service charge shall be imposed upon the owner for any exchange or transfer of Series 2011 Bonds. The City and the Bond Trustee may, however, require payment by the person requesting an exchange or transfer of Series 2011 Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of a Series 2011 Bond or Series 2011 Bonds for the unredeemed portion of a Series 2011 Bond surrendered for redemption in part.

The City and the Bond Trustee shall not be required to register the transfer of or exchange of any Series 2011 Bond after notice calling such Series 2011 Bond or portion thereof for redemption has been mailed or during the 15-day period next preceding the mailing of a notice of redemption of any Series 2011 Bonds of the same maturity.

New Series 2011 Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Series 2011 Bonds surrendered, shall be secured by this Bond Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2011 Bond surrendered.

The City and the Bond Trustee may treat the registered owner of any Series 2011 Bond as the absolute owner thereof for all purposes, whether or not such Series 2011 Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and premium, if any, and interest on any such Series 2011 Bond as herein provided shall be made only to or upon the written order of the registered owner thereof or such owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2011 Bond to the extent of the sum or sums so paid.

Section 209. Cancellation. Any Series 2011 Bond surrendered for the purpose of payment or retirement or for exchange or transfer or for replacement pursuant to Section 207 or Section 208 hereof, shall be cancelled upon surrender thereof to the Bond Trustee. If the City shall acquire any of the Series 2011 Bonds, the City shall deliver such Series 2011 Bonds to the Bond Trustee for cancellation and the Bond Trustee shall cancel the same. Certification of Series 2011 Bonds cancelled by the Bond Trustee shall be made to the City and to the Corporation. Cancelled Series 2011 Bonds may be destroyed by the Bond Trustee unless instructions to the contrary are received from the City or the Corporation. Upon the date of final maturity or redemption of all Series 2011 Bonds, the Bond Trustee shall destroy any inventory of unissued certificates.

Section 210. Book-Entry Only System. It is intended that the Series 2011 Bonds be registered so as to participate in a securities depository system with DTC (the “*DTC System*”), as set forth herein. The Series 2011 Bonds shall be initially issued in the form of a single fully registered Series 2011 Bond for each of the maturities thereof and the ownership of each such Series 2011 Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The City and the Bond Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Representation Letter. DTC may exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to Series 2011 Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the City, the Bond Trustee and the Corporation shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Series 2011 Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “*DTC Participant*”) or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Series 2011 Bonds (each such person being herein referred to as an “*Indirect Participant*”). Without limiting the immediately preceding sentence, the City, the Bond Trustee or the Corporation shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2011 Bonds, (ii) the delivery to any DTC Participant or any Indirect Participant or any other Person, other than a Bondholder, as shown in the Bond Register, of any notice with respect to the Series 2011 Bonds, including any notice of redemption, (iii) any consent given by DTC as registered owner. So long as certificates for the Series 2011 Bonds are not issued pursuant to Section 212, the City, the Corporation and the Bond Trustee may treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Series 2011 Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Series 2011 Bonds (ii) giving notice of redemption and other matters with respect to the Series 2011 Bonds, (iii) registering transfers with respect to the Series 2011 Bonds and (iv) the selection of Series 2011 Bonds for redemption. While in the DTC System, no Person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Series 2011 Bond certificate with respect to any Series 2011 Bond. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Bond Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date applicable to any interest payment date, the name “*Cede & Co.*” in this Bond Indenture shall refer to such new nominee of DTC.

Section 211. Payments and Notices to Cede & Co. Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any of the Series 2011 Bonds is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2011 Bond and all notices with respect to such Series 2011 Bond shall be made and given, respectively, in the manner provided in the Representation Letter. The Bond Trustee shall request in each notice sent to Cede & Co. pursuant to the terms of this Bond Indenture that Cede & Co. forward or cause to be forwarded such notice to the DTC Participants, but neither the Bond Trustee nor the City shall be liable if the Bond Trustee fails to make such request or if Cede & Co. fails to honor such request.

Section 212. Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that (a) the City or the Corporation determines that DTC is incapable of discharging its responsibilities described herein, (b) the Representation Letter shall be terminated for any reason or (c) the City or the Corporation determine that it is in the best interest of the beneficial owners of the Series 2011 Bonds that they be able to obtain certificated Series 2011 Bonds, the Bond Trustee shall so notify DTC. Upon receipt of such notice DTC will notify the DTC Participants of such request and such DTC Participants may utilize DTC's withdrawal procedure to withdraw their Series 2011 Bonds from DTC. In the event a DTC Participant utilizes such process, certificated Series 2011 Bonds will be prepared. The City and the Bond Trustee may conclusively rely upon (i) a certificate of DTC as to the identity of the participants in the book-entry system and (ii) a certificate of such participants as to the identity of, and the respective principal amounts of Series 2011 Bonds beneficially owned by, the beneficial owners. If all DTC Participants comply with such request, the City or the Bond Trustee may appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Series 2011 Bond certificates to such successor securities depository. In such event, the Series 2011 Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Series 2011 Bonds shall designate, in accordance with the provisions of this Bond Indenture.

ARTICLE III

Application of Funds

Section 301. Application of Funds. (a) The City, for and on behalf of the Corporation, shall deposit with the Bond Trustee all of the net proceeds loaned to the Corporation from the sale of the Series 2011 Bonds and the Bond Trustee shall out of such proceeds:

(i) Deposit \$271,800 to the credit of the Expense Fund established under Section 302 hereof;

(ii) Deposit \$11,524,169.89 to the Proceeds Account of the Project Fund established under Section 402 hereof, of which \$3,156,682.49 will be disbursed to MB Financial Bank for payment of the bank loan; and

(iii) Deposit \$469,755.11 to the Capitalized Interest Account of the Interest Fund established under Section 404 hereof.

(iv) Deposit \$1,324,275 to the Debt Service Reserve Fund established under Section 407 hereof.

(b) The Corporation shall deposit with the Bond Trustee the following:

(i) \$-0- to the credit of the Non-Proceeds Account of the Project Fund established under Section 402 hereof.

(ii) Deposit \$332,671.50 to the Non-Proceeds Account of the Expense Fund established under Section 302 hereof.

Section 302. Expense Fund. The City shall establish with the Bond Trustee a fund to be known as the "Expense Fund – Roycemore School – Series 2011" (the "*Expense Fund*"). The Bond Trustee shall establish within the Expense Fund the following separate accounts, the "Non-Proceeds Account" and the "Proceeds Account." Moneys in the Expense Fund will be disbursed upon receipt of a Written Request for the payment of expenses for any recording, trustee's and depositary's fees and expenses, accounting and legal fees, financing costs and other fees and expenses incurred or to be incurred by or on behalf of the City or the Corporation in connection with or incident to the issuance and sale of the Series 2011 Bonds. At such time as the Bond Trustee is furnished with a Written Request stating that all such fees and expenses have been paid, and in no event later than January 1, 2012, the Bond Trustee shall transfer any moneys remaining in the Expense Fund to the Project Fund.

ARTICLE IV

Revenues and Funds

Section 401. Source of Payment of Series 2011 Bonds. The Series 2011 Bonds herein authorized and all payments to be made by the City thereon and into the various funds established under this Bond Indenture are not general obligations of the City but are limited obligations payable solely from (a) payments or prepayments on the Series 2011 Note, (b) payments or prepayments made under the Loan Agreement (except for Unassigned Rights), (c) moneys and investments held by the Bond Trustee under, and to the extent provided in, this Bond Indenture and (d) in certain circumstances, proceeds from insurance, condemnation awards and proceeds from sales made under threat of condemnation.

Section 402. Project Fund. There is hereby created and established and ordered maintained with the Bond Trustee a special fund to be designated "Project Fund – Roycemore School – Series 2011." The Bond Trustee shall establish within the Project Fund the following separate accounts, designated as follows: the "Non-Proceeds Account" and the "Proceeds Account" (collectively, the "*Project Accounts*"). The proceeds of the Bonds designated in Section 301 shall be delivered to the Trustee for deposit into the Proceeds Account of the Project Fund. Funds in the Project Fund shall be expended and disbursed in accordance with the provisions of the Loan Agreement.

Any moneys received by the Bond Trustee from any source for the Project shall be deposited in the Non-Proceeds Account of the Project Fund as directed by the Corporation unless otherwise specifically excepted hereunder. The moneys in the Project Fund shall be held in trust by the Bond Trustee, shall be applied to the payment of the Costs of the Project except to

the extent required to be transferred to the Rebate Fund in accordance with the Tax Compliance Agreement and, pending such application, shall be held as trust funds under this Bond Indenture in favor of the holders of the outstanding Series 2011 Bonds and for the further security of such holders until paid out or transferred as provided in this Section.

Section 403. Revenue Fund. The City shall establish with the Bond Trustee and maintain so long as any of the Series 2011 Bonds are outstanding a separate account to be known as the "Revenue Fund – Roycemore School – Series 2011" (the "*Revenue Fund*"). All payments upon the Series 2011 Note pledged hereunder, all payments under the Loan Agreement and all transfers from the Rebate Fund, when received by the Bond Trustee, shall be deposited into the Revenue Fund and shall be held therein until disbursed as herein provided. Pursuant to the assignment and pledge of payments upon the Series 2011 Note set forth in the granting clauses contained herein, the City will direct the Corporation to make payments upon the Series 2011 Note pledged hereunder directly to the Bond Trustee when and as the same become due and payable.

Section 404. Interest Fund. The City shall establish with the Bond Trustee and maintain so long as any of the Series 2011 Bonds are outstanding a separate account to be known as the "Interest Fund – Roycemore School – Series 2011" (the "*Interest Fund*"). The Bond Trustee shall establish a separate account within the Interest Fund to be known as the "*Capitalized Interest Account*" (the "*Capitalized Interest Account*"). An initial deposit shall be made to the Capitalized Interest Account as provided in Section 301 hereof.

The Bond Trustee shall deposit in the Interest Fund from moneys in the Capitalized Interest Account on or before the last Business Day of each month commencing in July 25, 2011 an amount which, together with an equal amount to be deposited each succeeding month to and including the month in which the next Interest Payment Date occurs for any Series 2011 Bonds equals the amount of interest due on the next Interest Payment Date for such Series 2011 Bonds until no funds remain on deposit in the Capitalized Interest Account. No deposit pursuant to this paragraph need be made to the extent that there is a sufficient amount already on deposit in the Interest Fund and available for such purpose. If the last Business Day of any month is not a Business Day, the deposit herein required to be made shall be made on the next preceding Business Day.

On or before the last Business Day of each month commencing in August, 2011, the Bond Trustee shall deposit in the Interest Fund from moneys in the Revenue Fund an amount which, together with an equal amount to be deposited on the last Business Day of each month preceding the next semi-annual Interest Payment Date, is not less than the interest to become due on the next succeeding semi-annual Interest Payment Date of the Series 2011 Bonds. No monthly deposit pursuant to this paragraph need be made to the extent that there is a sufficient amount after the deposit from the Capitalized Interest Account to the Interest Fund already on deposit in the Interest Fund and available for such purpose.

Moneys on deposit in the Interest Fund, other than income thereon which is to be transferred to other funds created under this Bond Indenture or the Rebate Fund, must be used to pay interest on the Series 2011 Bonds as it becomes due.

In connection with any partial redemption or defeasance prior to maturity of the Series 2011 Bonds, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay the interest on the Series 2011 Bonds remaining outstanding on the first interest payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2011 Bonds to be redeemed or defeased.

Section 405. Bond Sinking Fund. The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2011 Bonds are outstanding a separate account to be known as the "Bond Sinking Fund – Roycemore School – Series 2011" (the "*Bond Sinking Fund*").

On or before the last Business Day of each month commencing in July 15, 2014 after making the deposit required by Section 404 hereof, the Bond Trustee shall deposit in the Bond Sinking Fund from moneys in the Revenue Fund an amount which is not less than one-twelfth (1/12) of the principal to become due on the Series 2011 Bonds on the next succeeding July 1 by maturity or mandatory Bond Sinking Fund redemption pursuant to Section 502 hereof. No such deposit need be made to the extent that there is a sufficient amount already on deposit and available for such purpose in the Bond Sinking Fund.

Moneys on deposit in the Bond Sinking Fund, other than income earned thereon which is to be transferred to other funds created hereunder or to the Rebate Fund, shall be applied by the Bond Trustee to pay principal of the Series 2011 Bonds as it becomes due and to redeem the Series 2011 Bonds in accordance with the mandatory Bond Sinking Fund redemption schedule provided in Section 502 hereof. In lieu of such mandatory Bond Sinking Fund redemption, the Bond Trustee may, at the request of the Corporation, purchase for cancellation an equal principal amount of Series 2011 Bonds of the maturity to be redeemed in the open market at prices not exceeding the principal amount of the Series 2011 Bonds being purchased, with such interest portion of the purchase price to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Bond Sinking Fund. In addition, the amount of Series 2011 Bonds to be redeemed on any date pursuant to the mandatory Bond Sinking Fund redemption schedule shall be reduced by the principal amount of Series 2011 Bonds of the maturity required to be redeemed which are acquired by the Corporation and delivered to the Bond Trustee for cancellation.

In connection with any partial redemption or defeasance prior to maturity of the Series 2011 Bonds of any series, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Bond Sinking Fund in excess of the amount needed to pay principal on the Series 2011 Bonds remaining outstanding on the first principal or mandatory sinking fund payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2011 Bonds to be redeemed or defeased.

Section 406. Optional Redemption Fund. The City shall establish with the Bond Trustee and maintain so long as any of the Series 2011 Bonds are outstanding a separate account to be known as the "Optional Redemption Fund – Roycemore School – Series 2011" (the "*Optional Redemption Fund*"). In the event of (i) prepayment by or on behalf of the Corporation of amounts payable on the Series 2011 Note pledged under this Bond Indenture, including prepayment with condemnation, insurance or sale proceeds, or (ii) deposit with the

Bond Trustee by the Corporation or the City of moneys from any other source for redeeming Series 2011 Bonds or purchasing Series 2011 Bonds for cancellation, except as otherwise provided in this Bond Indenture, such moneys shall be deposited into the Optional Redemption Fund. Moneys on deposit in the Optional Redemption Fund shall be used first to make up any deficiencies existing in the Interest Fund, the Bond Sinking Fund and the Debt Service Reserve Fund (in the order listed) and second for the redemption of Series 2011 Bonds in accordance with the provisions of Article V hereof.

Section 407. Debt Service Reserve Fund. The City shall establish with the Bond Trustee and maintain so long as any of the Series 2011 Bonds are outstanding a separate account to be known as the "Debt Service Reserve Fund" (the "*Debt Service Reserve Fund*"). A deposit to the credit of the Debt Service Reserve Fund shall be made from the proceeds of the Series 2011 Bonds in accordance with the provisions of Section 301 hereof. Amounts on deposit in the Debt Service Reserve Fund shall be administered by the Bond Trustee as described in this Section 407. Moneys on deposit in the Debt Service Reserve Fund shall be used only to make up deficiencies in the Interest Fund or the Bond Sinking Fund if there are no funds available in the Interest Fund, the Bond Sinking Fund, and in the Operating Reserve Fund (in the order listed).

Moneys on deposit in the Debt Service Reserve Fund shall be invested in Qualified Investments. Qualified Investments in the Debt Service Reserve Fund shall be valued by the Bond Trustee on July 1 and December 1 of each year (the "*Valuation Date*"), on the basis of fair market value (which valuation shall take into account any accrued and unpaid interest). If on any Valuation Date the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of a decline in the market value of investments on deposit in the Debt Service Reserve Fund, the Loan Agreement requires the Corporation to deposit in the Debt Service Reserve Fund the amount necessary to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within 60 days following the date on which the Corporation receives notice of such deficiency of any valuation shortfall as measured. If at any time the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon, the Loan Agreement requires the Corporation to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement by the deposit with the Bond Trustee of an amount equal to such deficiency in not more than two substantially equal monthly installments beginning with the first day of the month following the date such draw occurred.

In connection with any partial redemption or defeasance prior to maturity of the Series 2011 Bonds, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement after such redemption to pay the principal of or the principal portion of the redemption price of said Series 2011 Bonds to be redeemed or defeased. On the final maturity date of the Series 2011 Bonds, any moneys in the Debt Service Reserve Fund will be used to pay the principal of and interest on the Series 2011 Bonds on such final maturity date.

Section 408. Operating Reserve Fund. The Bond Trustee shall establish and maintain a separate account to be known as the "Operating Reserve Fund – Roycemore School" (the "*Operating Reserve Fund*"). Moneys on deposit in the Operating Reserve Fund shall be

invested in Qualified Investments but otherwise shall not be replenished except as stated herein and in the Loan Agreement. Moneys on deposit in the Operating Reserve Fund shall be used to make up any deficiencies in the Interest Fund and the Bond Sinking Fund (in the order listed) prior to any fund in the Debt Service Reserve Fund. Up to 50% of the original deposit may be used for routine working capital purposes, but only with the written consent of a Majority of Bondholders, such consent which may be withheld in their sole discretion.

Within seven (7) days after receipt by the Bond Trustee of an Operating Reserve Fund Certificate from the Corporation to the Bond Trustee certifying (i) that the withdrawal is made to pay working capital expenditures relating to the Project, (ii) that moneys anticipated to be expended in the calendar month following the month in which the Corporation's Certificate is submitted, together with an itemized budget describing the uses for which the moneys are needed and the amount needed for each use, and (iii) that no other funds are available or will reasonably be available to make the payments the Bond Trustee shall notify the Bondholders in writing of the Corporation's request. The notification shall include a copy of the Corporation's Certificate and any additional information the Bond Trustee deems necessary to provide to the Bondholders (the "*Working Capital Disbursement Request*"). Upon receipt of written consent of a Majority of Bondholders, moneys in the Operating Reserve Fund shall be disbursed by the Bond Trustee to or for the account of the Corporation. The Bond Trustee shall rely fully on any such Operating Reserve Fund Requisition Certificate delivered pursuant to the Loan Agreement and the written consent of a Majority of Bondholders and shall not be required to make any investigation in connection therewith.

On or before the last Business Day of the month immediately prior to the next succeeding January 1st or July 1st, the Bond Trustee shall draw on the funds in the Operating Reserve Fund to the extent funds are available any amount necessary to restore the balance on deposit either in the Interest Fund or Bond Sinking Fund to the amount necessary to pay the principal of and interest on the Series 2011 Bonds due on the next succeeding January 1st and July 1st, and deposit said amount in said fund. No such deposit need be made to the extent that there is a sufficient amount already on deposit and available for such purpose in the Bond Sinking Fund or the Interest Fund.

In the event of any withdrawal from the Operating Reserve Fund, the Corporation shall make payments until the amount on deposit in the Operating Reserve Fund is replenished per the terms of Section 7.2 of the Loan Agreement. During the period of time when such withdrawal is being replenished, the Corporation shall promptly engage a consultant reasonably acceptable to the Bond Trustee and Majority of the Bondholders. The Corporation shall initially select a consultant and will notify the Bond Trustee of the selection. The Bond Trustee shall, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, notify the Bondholders of such selection. Such notice shall (i) include the name of the consultant and a brief description of the consultant, and (ii) state the reason that the consultant is being engaged including a description of the covenant(s) of the Loan Agreement that require the consultant to be engaged. If the Majority of the Bondholders consent to the selection of the consultant, the Corporation shall engage the consultant within five (5) days after receiving notice of the consent. If a Majority of the Bondholders have objected to the consultant selected, the Corporation shall select another consultant within fourteen (14) days after receiving notice of such objection. All consultant reports required under the Loan Agreement and the Bond Indenture shall be prepared in accordance with their effective industry appropriate standards.

All moneys received by the Bond Trustee and held in the Operating Reserve Fund shall be trust funds under the terms of this Bond Indenture for the benefit of all of the Bonds outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of the Corporation. Such moneys shall be held in trust and applied in accordance with the provisions of this Bond Indenture.

The Operating Reserve Fund shall be released following the Bond Trustee's receipt of the Corporation's Certificate that (a) the Corporation is in compliance of all covenants of the Loan Agreement and the Bond Indenture and no event has occurred which with the passage of time, the giving of notice, or both, would constitute an event of default; (b) the Corporation has achieved two full fiscal years of operation after the Completion of the Project shall have occurred; and (c) the Corporation has achieved the "Operating Reserve Fund Release Requirements," as provided in *Exhibit H* of the Loan Agreement. The Bond Trustee shall rely fully on any such Operating Reserve Fund Release Certificate delivered pursuant to the Loan Agreement and shall not be required to make any investigation in connection therewith. The Bond Trustee shall deposit an amount equal to the amount of \$200,000 in the Operating Reserve Fund to the Repair and Replacement Fund (defined below). The remaining funds will be distributed to the Corporation and the Operating Reserve Fund shall be closed.

Section 409. Repair and Replacement Fund. The Bond Trustee shall establish and maintain a separate account to be known as the "Repair and Replacement Fund – Roycemore School" (the "*Repair and Replacement Fund*") for the term of the Bonds. All moneys received by the Bond Trustee and held in the Repair and Replacement Fund shall be trust funds under the terms of this Bond Indenture for the benefit of all of the Bonds outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of the Corporation. Such moneys shall be held in trust and applied in accordance with the provisions of this Bond Indenture. Monies on deposit in the Repair and Replacement Fund shall be invested in Qualified Investments.

Moneys in the Repair and Replacement Fund shall be disbursed for the costs of repairs and maintenance of the Project by the Bond Trustee to or for the account of the Corporation within seven days after receipt by the Bond Trustee of a Certificate of the Corporation, the form of which is attached as *Exhibit F* to the Loan Agreement, to the Bond Trustee. Upon receipt of the Certificate of the Corporation, the Bond Trustee shall send notice of the disbursement request to the Bondholders. The Bond Trustee shall rely fully on any such Repair and Replacement Requisition Certificate delivered pursuant to the Loan Agreement and shall not be required to make any investigation in connection therewith.

Section 410. Investment of Funds. (a) Upon verbal direction to be promptly followed by a Written Request of the Corporation filed with the Bond Trustee, moneys in the Project Fund, Revenue Fund, Interest Fund, Bond Sinking Fund, Debt Service Reserve Fund, Operating Reserve Fund, Repair and Replacement Fund, Expense Fund and Optional Redemption Fund shall be invested only in Qualified Investments. If the Corporation elects to give the Bond Trustee verbal investment instructions and the Bond Trustee in its discretion elects to act upon such verbal investment instructions, the Bond Trustee's understanding of such verbal investment instructions shall be deemed controlling. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such verbal investment instructions notwithstanding such verbal investment

instructions conflict or are inconsistent with a subsequent written investment instruction. Investment income on such Funds as of the end of each month shall be transferred monthly by the Bond Trustee in accordance with the provisions of this Section 410. All such investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are anticipated to be required. The Bond Trustee, when authorized by the Corporation, may trade with itself and its affiliates in the purchase and sale of securities for such investment, and may charge its ordinary and customary fees for such trades, including cash sweep account fees; provided, however, that in no case shall any investment be otherwise than in accordance with the investment limitations contained herein and in the Tax Compliance Agreement. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investments.

(b) All income in excess of the requirements of the funds specified in subsection (a) of this Section derived from the investment of moneys on deposit in any such funds shall be deposited in the following funds, in the order listed:

(i) From the Debt Service Reserve Fund, to the Capitalized Interest Account so long as any other funds remain on deposit in the Capitalized Interest Account, otherwise to the Debt Service Reserve Fund; and to the extent necessary for the amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement, then in the order listed below;

(ii) The Bond Sinking Fund to the extent of the amount required to be deposited therein to make the next required principal payment on the Series 2011 Bonds occurring within 13 months of the date of deposit;

(iii) The Interest Fund to the extent of the estimated amount required to be deposited therein to make any interest payment on the Series 2011 Bonds occurring within 13 months of the date of deposit;

(iv) After the transfers described in (ii) and (iii) above, the balance, if any, in the Interest Fund;

(v) The Project Fund earnings shall remain in the Project Fund;

(vi) The Operating Reserve Fund earnings shall remain in the Operating Reserve Fund;

(vii) The Repair and Replacement Fund Earnings shall remain in the Repair and Replacement Fund; and

(viii) The Expense Fund earnings shall remain in the Expense Fund.

(c) Although the City and the Corporation each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the City and the Corporation hereby agree that confirmations of permitted investments are not required to be issued by the Bond Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 411. Trust Funds. All moneys received by the Bond Trustee under the provisions of this Bond Indenture shall, except as provided in Section 412 hereof, be trust funds under the terms hereof for the benefit of all Series 2011 Bonds outstanding hereunder (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of the City or the Corporation. Such moneys shall be held in trust and applied in accordance with the provisions of this Bond Indenture.

Section 412. Excluded Funds; Transfers to Rebate Fund. The foregoing provisions of this Article IV notwithstanding, (i) the Rebate Fund shall not be considered a part of the “*trust estate*” created by this Bond Indenture and (ii) the Bond Trustee shall be permitted to transfer moneys on deposit in any of the trust funds established under Article III or this Article IV to the Rebate Fund in accordance with the provisions of the Tax Compliance Agreement.

ARTICLE V

Redemption of Series 2011 Bonds

Section 501. Redemption Dates and Prices. (a) The Series 2011 Bonds are callable for redemption prior to maturity (i) in the event of damage to or destruction of, or the condemnation of, or sale consummated under threat of condemnation of, the Project or any part thereof, if the Net Proceeds of insurance, condemnation or sale received in connection therewith and applied to make prepayments on the Series 2011 Note exceed \$250,000; or (ii) in the event the Corporation shall exercise its option to prepay the Series 2011 Note in an amount sufficient to redeem all or a portion of the Series 2011 Bonds then outstanding. If called for redemption in the events referred to in (i) above, the Series 2011 Bonds shall be subject to redemption by the City at any time, in whole or in part, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a maturity is being redeemed, in such random manner as the Bond Trustee shall deem appropriate), at the principal amount thereof plus accrued interest to the redemption date and without premium from the Net Proceeds of such insurance or condemnation award but not in excess of the amount of such Net Proceeds applied to such purpose. If called for redemption in the event referred to in (ii) above, Series 2011 Bonds shall be subject to redemption, in whole or in part, at the times and in the manner and with the same premium set forth below as if such Series 2011 Bonds were being redeemed at the option of the City.

(b) Outstanding Series 2011 Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity on or after July 2, 2021 at the option of the City upon direction of the Corporation out of amounts prepaid on the Series 2011 Note and deposited in the Optional Redemption Fund, in whole or in part at any time, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a single maturity is being redeemed, in such manner as the Bond Trustee shall deem appropriate), at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

(c) No redemption of less than all of the Series 2011 Bonds at the time outstanding shall be made pursuant to the foregoing provisions of this Section 501 unless the

aggregate principal amount of Series 2011 Bonds to be redeemed is equal to or greater than \$100,000 and is an Authorized Denomination and the aggregate principal amount of Series 2011 Bonds outstanding after the redemption is an Authorized Denomination.

(d) The Series 2011 Bonds may be called for redemption by the Bond Trustee pursuant to this Section 501 upon receipt by the Bond Trustee at least 45 days prior to the redemption date of a Written Request of the City requesting such redemption and a Written Request of the Corporation authorizing the expenditure of funds for such redemption. Such Written Request shall specify the principal amount of the Series 2011 Bonds to be called for redemption, the maturity date, the applicable redemption price or prices and the provision or provisions above specified pursuant to which such Series 2011 Bonds are to be called for redemption.

(e) In lieu of redeeming Series 2011 Bonds pursuant to this Section 501, the Bond Trustee may, at the request of the Corporation, use such funds otherwise available hereunder for redemption of Series 2011 Bonds to purchase Series 2011 Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. In the case of any such optional or extraordinary redemption or any purchase and cancellation of Series 2011 Bonds with serial maturities, the City shall receive credit against its required Bond Sinking Fund deposits with respect to the Series 2011 Bonds of such serial maturities. In the case of any optional or extraordinary redemption or any purchase and cancellation of term Series 2011 Bonds, the City shall receive credit against its required Bond Sinking Fund deposits with respect to such term Series 2011 Bonds in such order as the Corporation elects in writing prior to such optional or extraordinary redemption or purchase and cancellation or, if no election is made, in the inverse order thereof.

(f) In addition to the foregoing, the Series 2011 Bonds are redeemable pursuant to the sinking fund redemptions in the manner specified in Section 502 hereof.

Section 502. Bond Sinking Fund Deposits – Mandatory Deposits. With respect to the payment of Series 2011 Bonds by maturity through the Bond Sinking Fund, the City shall have on deposit in the Bond Sinking Fund moneys in the amounts and at the times, respectively, as follows:

With respect to the payment of Series 2011 Bonds maturing on July 1, 2030 through the Bond Sinking Fund, the City shall have on deposit in the Bond Sinking Fund moneys in the amounts and at the times respectively as follows:

<u>July 1 of the Year</u>	<u>Principal Amount</u>
2014	\$205,000
2015	255,000
2016	275,000
2017	300,000
2018	320,000
2019	345,000
2020	375,000
2021	405,000
2022	435,000
2023	470,000
2024	505,000
2025	545,000
2026	590,000
2027	635,000
2028	680,000
2029	735,000
2030	790,000

With respect to the payment of Series 2011 Bonds maturing on July 1, 2035 through the Bond Sinking Fund, the City shall have on deposit in the Bond Sinking Fund moneys in the amounts and at the times, respectively, as follows:

<u>July 1 of the Year</u>	<u>Principal Amount</u>
2031	\$265,000
2032	285,000
2033	305,000
2034	330,000
2035	360,000

With respect to the payment of Series 2011 Bonds maturing on July 1, 2041 through the Bond Sinking Fund, the City shall have on deposit in the Bond Sinking Fund moneys in the amounts and at the times, respectively, as follows:

<u>July 1 of the Year</u>	<u>Principal Amount</u>
2036	\$385,000
2037	420,000
2038	455,000
2039	490,000
2040	530,000
2041	1,900,000

The deposits required pursuant to this Section 502 shall be reduced (i) by the amount of Series 2011 Bonds acquired and delivered in accordance with Section 405 hereof in satisfaction of such Series 2011 Bond Sinking Fund requirements and (ii) in connection with a partial redemption of Series 2011 Bonds if the Corporation elects to reduce mandatory Bond Sinking Fund redemptions for the Series 2011 Bonds in the manner provided in the third to last paragraph of Section 501. Moneys on deposit in the Bond Sinking Fund on July 1 of each of the years 2014 through 2040 shall be applied to the payment of Series 2011 Bonds maturing on July 1, 2041 in such random manner as the Bond Trustee may deem appropriate, upon the notice and in the manner provided in this Article V and moneys on deposit in the Bond Sinking Fund on July 1, 2041 shall be applied to the payment of the Series 2011 Bonds maturing on such date.

Payment of the Series 2011 Bonds through the Bond Sinking Fund shall be without premium.

Section 503. Notice of Redemption. Notice of the call for any redemption pursuant to Section 501 or 502 hereof shall state the following: (i) the name of the bond issue, (ii) the CUSIP number and bond certificate number of the Series 2011 Bonds to be redeemed, (iii) the original dated date of the bond issue, (iv) the interest rate and maturity date of the Series 2011 Bonds to be redeemed, (v) the date of the redemption notice, (vi) the redemption date, (vii) the redemption price and (viii) the address and telephone number of the designated corporate trust office of the Bond Trustee. The redemption notice shall be given by mailing a copy of such notice of redemption by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the registered owners of the Series 2011 Bonds to be redeemed to the address shown on the Bond Register; provided, however, that failure to give such notice by mailing or a defect in the notice or the mailing as to any Series 2011 Bond will not affect the validity of any proceedings for redemption as to any other Series 2011 Bond for which notice is properly given.

Except for a redemption pursuant to Section 502, prior to the date that the redemption notice is mailed as aforesaid, funds shall be placed with the Bond Trustee by or on behalf of the Corporation to pay such Series 2011 Bonds and accrued interest thereon to the redemption date and the premium, if any, or such notice shall state that the redemption is conditional on such funds being deposited on the redemption date and that failure to make such a deposit shall not constitute an event of default hereunder. Upon the happening of the above conditions, the Series 2011 Bonds, or portions thereof, thus called for redemption shall not bear interest after the applicable redemption date, shall no longer be protected by this Bond Indenture and shall not be deemed to be outstanding under the provisions of this Bond Indenture. The Bond Trustee shall redeem or purchase, in the manner provided in this Article V, such an aggregate principal amount of Series 2011 Bonds at the principal amount thereof plus accrued interest to the redemption date, and premium, if any, as will exhaust as nearly as practicable the funds placed on deposit with the Bond Trustee. At the direction of the Corporation, such funds may be invested in Government Obligations until needed for such redemption. If any owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds to be redeemed on a single day delivers such Series 2011 Bonds for redemption on or prior to such redemption date, payment of such redemption price for such Series 2011 Bonds shall be made, if such owner so elects, by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing and upon

compliance with the reasonable requirements of the Bond Trustee. Each redemption payment shall indicate the dollar amount of each CUSIP identification number being redeemed.

Section 504. Mandatory Tender for Purchase. The City and, by their acceptance of the Series 2011 Bonds, the bondholders, irrevocably grant to the Corporation and any assigns of the Corporation with respect to this right, the option to purchase, at any time and from time to time, any Series 2011 Bond which is subject to optional redemption pursuant to clause (ii) of Section 501(a) at a purchase price equal to the optional redemption price therefor. To exercise such option, the Corporation shall give the Bond Trustee a Written Request exercising such option within the time period specified in Section 501 hereof as though such Written Request were a written request of the City for redemption, and the Bond Trustee shall thereupon give the bondholders of the Series 2011 Bonds to be purchased notice of such mandatory tender and purchase in the same manner as a notice of redemption specified in Section 503 hereof. The purchase of such Series 2011 Bonds shall be mandatory and enforceable against the Bondholders and Bondholders will not have the right to retain their Series 2011 Bonds. On the date fixed for purchase pursuant to any exercise of such option, the Corporation shall pay or cause to be paid the purchase price of the Series 2011 Bonds then being purchased to the Bond Trustee in immediately available funds not later than 10:00 a.m. Chicago Time on the purchase date, and the Bond Trustee shall pay the same to the sellers of such Series 2011 Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Series 2011 Bonds to be registered in the name of the Corporation or its nominee or as otherwise directed by the Corporation and shall deliver them to the Corporation or its nominee or as otherwise directed by the Corporation. In the case of the purchase of less than all of a maturity of such Series 2011 Bonds, the particular Series 2011 Bonds to be purchased shall be selected in accordance with Section 501 hereof. No purchase of the Series 2011 Bonds pursuant to this Section 504 shall operate to extinguish the indebtedness of the City evidenced thereby. Notwithstanding the foregoing, no purchase shall be made pursuant to this Section 504 unless the Corporation shall have delivered to the Bond Trustee and the City concurrently with such purchase an Opinion of Bond Counsel to effect that such purchase and any resale thereof will not affect the validity of the Series 2011 Bonds or any exemption from federal income taxation to which the interest on the Series 2011 Bonds would otherwise be entitled.

ARTICLE VI

General Covenants

Section 601. Payment of Principal, Premium, If Any, and Interest. Subject to the limited source of payment hereinafter referred to, the City covenants that it will promptly pay the principal of, premium, if any, and interest on every Series 2011 Bond issued under this Bond Indenture at the place, on the dates and in the manner provided herein and in said Series 2011 Bonds according to the true intent and meaning thereof. The principal of and interest and premium, if any, on the Series 2011 Bonds are payable solely from (a) payments or prepayments on the Series 2011 Note, (b) payments or prepayments made under the Loan Agreement (other than Unassigned Rights), (c) moneys and investments held by the Bond Trustee under, and to the extent provided in, this Bond Indenture and (d) in certain circumstances, proceeds from insurance, condemnation awards and proceeds from sales made under threat of condemnation,

which Series 2011 Note and payments are hereby specifically assigned and pledged to the payment of the Series 2011 Bonds in the manner and to the extent herein specified, and nothing in the Series 2011 Bonds or in this Bond Indenture shall be considered as assigning or pledging any funds or assets of the City (except the moneys, the Series 2011 Note and the Loan Agreement pledged under this Bond Indenture).

Section 602. Performance of Covenants; Legal Authorization. The City covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Indenture, in any and every Series 2011 Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that except for the matters set forth in any documents hereof relating to payment of the Series 2011 Bonds, the City shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Corporation or by the Bond Trustee, or shall have received the instrument to be executed and at the option of the City shall have received from the party requesting such action or execution assurance satisfactory to the City that the City shall be reimbursed for its reasonable expenses, including legal counsel fees, incurred or to be incurred in connection with taking such action or executing such instrument. The City covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Ordinance, to issue the Series 2011 Bonds authorized hereby and to execute this Bond Indenture and the Loan Agreement to grant the security interest herein provided, to assign and pledge the Loan Agreement and the Series 2011 Note pledged hereunder (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Series 2011 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken, and that the Series 2011 Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the City according to the terms thereof and hereof. Anything contained in this Bond Indenture to the contrary notwithstanding, it is hereby understood that none of the covenants of the City contained in this Bond Indenture are intended to create a general or primary obligation of the City.

Section 603. Ownership; Instruments of Further Assurance. The City represents that it lawfully owns the Series 2011 Note and that the pledge and assignment thereof and the assignment of its interest in the Loan Agreement (except for Unassigned Rights) to the Bond Trustee hereby made are valid and lawful. The City covenants that it will defend the title to the Series 2011 Note and its interest in the Loan Agreement and the assignment thereof (except for Unassigned Rights) to the Bond Trustee, for the benefit of the owners of the Series 2011 Bonds against the claims and demands of all persons whomsoever. The City covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Bond Trustee, the Series 2011 Note, the Loan Agreement and all payments thereon and thereunder (except for Unassigned Rights) pledged hereby to the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds.

Section 604. Recording and Filing. In order to perfect the security interest of the Bond Trustee in the Trust Estate and to perfect the security interest in the Series 2011 Note

pledged hereunder, the City, to the extent permitted by law, and as specifically requested by the Corporation or by the Bond Trustee, will execute such security agreements or financing statements, naming the Bond Trustee as assignee and pledgee of the Trust Estate assigned and pledged under this Bond Indenture for the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds and as otherwise provided herein, and the Corporation will cause the same to be duly filed and recorded, as the case may be, in the appropriate State and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the State, as from time to time amended. To continue the security interest evidenced by such security agreements or financing statements, the Bond Trustee shall, at the expense of the Corporation, file and record or cause to be filed and recorded such necessary continuation statements or supplements thereto and other instruments from time to time as may be required pursuant to the provisions of the said Uniform Commercial Code or other similar law to fully preserve and protect the security interest of the Bond Trustee in the Trust Estate and to perfect the security interest in the Series 2011 Note pledged hereunder, provided that a copy of the filed original financing statement is timely delivered to the Bond Trustee. Notwithstanding anything to the contrary contained herein, the Bond Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code. In addition, unless the Bond Trustee shall have been notified in writing by the Corporation that any such initial filing or description of collateral was or has become defective, the Bond Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 604 and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The City, to the extent permitted by law, at the expense and direction of the Corporation, shall execute and cause to be executed any and all further instruments as shall be reasonably required by the Bond Trustee for such protection and perfection of the interests of the Bond Trustee, the registered owners, and the Corporation or its agent, as the case may be, shall file and refile or cause to be filed and refilled such instruments which shall be necessary to preserve and perfect the lien of this Bond Indenture upon the Trust Estate until the principal of, premium, if any, and interest on the Series 2011 Bonds issued hereunder shall have been paid or provision for their payment shall be made as herein provided.

Section 605. Required Reporting to the City. The Bond Trustee shall keep, or cause to be kept, proper books of records and accounts in which complete and accurate entries shall be made of all funds and accounts established by or pursuant to this Bond Indenture, which shall at all reasonable times be subject to the inspection by the City or owners (or a designated representative thereof) of not less than ten percent (10%) in aggregate principal amount of the Series 2011 Bonds then outstanding.

Section 606. Bond Register. The Bond Trustee shall keep on file at its office the Bond Register. At reasonable times and under reasonable regulations established by the Bond Trustee, said Bond Register may be inspected and copied by the Corporation, or the authorized representative of any owner or owners of 10% or more in principal amount of the Series 2011 Bonds outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Bond Trustee.

Section 607. Rights Under the Loan Agreement and the Series 2011 Note; Bond Trustee as Holder of the Series 2011 Note. The City agrees that the Bond Trustee in its own name or in the name of the City may enforce all rights of the City (other than Unassigned Rights) and all obligations of the Corporation under and pursuant to the Loan Agreement and under the Series 2011 Note pledged hereunder for and on behalf of the Bondholders (other than Unassigned Rights), whether or not the City is in default hereunder.

The Bond Trustee shall be considered the holder of the Series 2011 Note.

Section 608. Designation of Additional Paying Agents. The City may (upon the written consent of the Corporation, and the Bond Trustee which consent will not be unreasonably withheld) cause the necessary arrangements to be made through the Bond Trustee and to be thereafter continued for the designation of alternate Paying Agents for the Series 2011 Bonds and for the making available of funds hereunder for the payment of such of the Series 2011 Bonds as shall be presented when due at the designated corporate trust office of the Bond Trustee, or its successor in trust hereunder, or at the designated office of said alternate Paying Agents.

Section 609. Arbitrage; Compliance with Tax Compliance Agreement. The City, the Corporation and the Bond Trustee, to the extent of its discretion under Section 407 hereof, covenant and agree that they will not take any action or fail to take any action with respect to the investment of the proceeds of any Series 2011 Bonds issued under this Bond Indenture or with respect to the payments derived from the Series 2011 Note pledged hereunder or from the Loan Agreement or any other moneys regardless of source or where held which may, notwithstanding compliance with the other provisions of this Bond Indenture, the Loan Agreement and the Tax Compliance Agreement, result in constituting the Series 2011 Bonds "*arbitrage bonds*" within the meaning of such term as used in Section 148 of the Code. The City further covenants and agrees that it will comply with and take all actions required by the Tax Compliance Agreement. Any compliance actions that involve the incurrence of any costs shall be undertaken by the City upon the written direction of the Corporation or the Bond Trustee and only at the expense of the Corporation.

Section 610. Prohibited Activities. Subject to the limitations on its liability as stated herein and to the extent permitted by law, the City covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities and that it has not knowingly taken and will not knowingly take any action which might result in any interest on the Series 2011 Bonds becoming includable in the gross income of the owners thereof for purposes of Federal income taxation.

ARTICLE VII

Events of Default; Remedies

Section 701. Extension of Payment; Penalty. In case the time for the payment of principal of or the interest on any Series 2011 Bonds shall be extended, whether or not such extension be by or with the consent of the City, such principal or such interest so extended shall

not be entitled in case of default hereunder to the benefit or security of this Bond Indenture except subject to the prior payment in full of the principal of all Series 2011 Bonds then outstanding and of all interest thereon, the time for the payment of which shall not have been extended.

Section 702. Events of Default. Each of the following events is hereby declared an “*event of default*,” that is to say, if:

(a) payment of any installment of interest payable on any of the Series 2011 Bonds shall not be made by the City when the same shall become due and payable; or

(b) payment of the principal of or the premium, if any, payable on any of the Series 2011 Bonds shall not be made by the City when the same shall become due and payable, either at maturity, by proceedings for redemption, upon acceleration, through failure to make any payment to any fund hereunder or otherwise; or

(c) the City shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) any event of default as defined in Section 10.1 of the Loan Agreement shall occur and such event of default shall be continuing from and after the date the City is entitled under the Loan Agreement to request that the Bond Trustee declare the Series 2011 Note pledged under this Bond Indenture to be immediately due and payable; or

(e) the City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2011 Bonds or in this Bond Indenture or any indenture supplemental hereto to be performed on the part of the City, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City and the Corporation by the Bond Trustee; the Bond Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than 10% in aggregate principal amount of the Series 2011 Bonds then outstanding hereunder; provided, that, if in the judgment of the Bond Trustee such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the City to remedy such default within such 30-day period shall not constitute a default hereunder if the City shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch, but in any event within 90 days after written notice has been given; or

(f) the City, the Corporation or the Bond Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Compliance Agreement, and such default shall continue for the period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default, the Corporation and the other party; provided that, if in the judgment of the Bond Trustee such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the City, the Corporation or the

Bond Trustee to remedy such default within such 30-day period shall not constitute a default hereunder if the Corporation shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch, but in any event within 90 days after written notice has been given.

Section 703. Acceleration. Upon the happening of any event of default specified in paragraphs (c) through (g) of Section 702 herein and the continuance of the same for the period, if any, specified in said paragraphs, the Bond Trustee may, without any action on the part of the Bondholders, and upon the happening of any event of default specified in paragraph (a) or (b) of Section 702, or upon the happening and continuance of any other event of default and the written request of the owners of a Majority of Bondholders hereunder exclusive of Series 2011 Bonds then owned by the City or the Corporation, and upon being indemnified to its satisfaction, the Bond Trustee shall, by notice in writing delivered to the City, declare the entire principal amount of the Series 2011 Bonds then outstanding hereunder and the interest accrued thereon, immediately due and payable, and the entire principal and interest shall thereupon become and be immediately due and payable, subject, however, to the provisions of Section 711 hereof with respect to waivers of events of default.

Section 704. Remedies; Rights of Bondholders. Upon the occurrence of any event of default the Bond Trustee may pursue any available remedy, including a suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds outstanding hereunder.

If an event of default shall have occurred, and if the Bond Trustee shall have been requested to do so by the Majority of Bondholders and the Bond Trustee shall have been indemnified as provided in Section 801 hereof, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Bond Trustee shall deem most expedient in the interests of the owners of Series 2011 Bonds; provided, however, that the Bond Trustee shall have the right to decline to comply with any such request if the Bond Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Bond Trustee in good faith shall determine that such action would be unjustly prejudicial to the owners of Series 2011 Bonds not parties to such request.

No remedy by the terms of this Bond Indenture conferred upon or reserved to the Bond Trustee (or the owners of Series 2011 Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee (or the owners of Bonds hereunder) now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Bond Trustee or by the owners of Series 2011 Bonds, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 705. Direction of Proceedings by Bondholders. The owners of a majority in aggregate principal amount of Series 2011 Bonds then outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, including the enforcement of the rights of the City under the Loan Agreement (except for the enforcement of Unassigned Rights, if the City elects in writing to enforce directly) or the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Indenture.

Section 706. Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee or the owners of Series 2011 Bonds under this Bond Indenture, the Bond Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the rights and properties pledged hereunder and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 707. Application of Moneys. All moneys received by the Bond Trustee by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, and the expenses, liabilities and advances incurred or made by, the Bond Trustee (including, but not limited to, the reasonable fees of its counsel) and the creation of a reasonable reserve for anticipated fees, costs and expenses, be deposited in the Revenue Fund and, together with all moneys in the funds maintained by the Bond Trustee under Article III and IV, shall be applied as follows:

(a) Unless the principal of all the Series 2011 Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Compliance Agreement;

SECOND: To the payment to the Persons entitled thereto of all installments of interest then due on the Series 2011 Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege;

THIRD: To the payment to the Persons entitled thereto of the unpaid principal of any of the Series 2011 Bonds which shall have become due (other than Series 2011 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their

due dates, and, if the amount available shall not be sufficient to pay in full Series 2011 Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege; and

FOURTH: To the payment to the Persons entitled thereto of unpaid principal and interest due and owing on any Series 2011 Bonds, the payment of principal and interest of which has been extended in the manner described in Section 701.

(b) If the principal of all the Series 2011 Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Compliance Agreement;

SECOND: To the payment of the principal and interest then due and unpaid upon the Series 2011 Bonds, without preference or priority of principal or interest over the other, or of any installment of interest over any other installment of interest, or of any Series 2011 Bond over any other Series 2011 Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment of the principal and interest then due and unpaid upon Series 2011 Bonds with respect to which the payment of principal and interest has been extended as described in Section 701.

(c) If the principal of all the Series 2011 Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Series 2011 Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Bond Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable, or, with respect to payments of Defaulted Interest, shall be such date as is required by Section 202(c) hereof) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and of the Special Record Date in accordance with Section 202(c). The Bond Trustee shall not be required to make payment to the owner of any Series 2011 Bond until such Series 2011 Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Series 2011 Bonds and interest thereon have been paid under the provisions of this Section 707 and all expenses and charges of the Bond Trustee and the City have been paid, including, but not limited to, the reasonable fees of their respective counsel, any balance remaining shall be paid to the Persons entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Corporation.

Section 708. Remedies Vested in Bond Trustee. All rights of action, including the right to file proof of claims under this Bond Indenture or under any of the Series 2011 Bonds, may be enforced by the Bond Trustee without the possession of any of the Series 2011 Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any owners of the Series 2011 Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the outstanding Series 2011 Bonds.

Section 709. Rights and Remedies of Bondholders. No owner of any Series 2011 Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default shall have become an event of default, and the Majority of Bondholders shall have made written request to the Bond Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and unless also they have offered to the Bond Trustee indemnity as provided in Section 801, and unless the Bond Trustee shall thereafter fail or refuse to exercise the power hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture and to any action or cause of action for the enforcement of this Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Series 2011 Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Indenture by any action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all Series 2011 Bonds outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any owner to enforce the payment of the principal of and interest on any Series 2011 Bond at and after the maturity thereof, or the obligation of the City to pay the principal of and interest on each of the Series 2011 Bonds issued hereunder to the respective owners thereof at the time and place, from the source and in the manner in said Series 2011 Bonds expressed.

Section 710. Termination of Proceedings. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case the City and the Bond Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the property pledged and assigned hereunder, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 711. Waiver of Events of Default. Subject to Section 705 hereof, the Bond Trustee may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, and shall do so upon being indemnified to its satisfaction and upon written request of the owners of the Series 2011 Bonds of (1) at least a majority in aggregate principal amount of all such Series 2011 Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (2) at least a majority in aggregate principal amount of all such Series 2011 Bonds outstanding, in the case of any other event of default. The foregoing notwithstanding, unless the Majority of Bondholders otherwise directs, in no event shall there be waived (a) any event of default in the payment of the principal of any outstanding Series 2011 Bonds when due whether by mandatory redemption through the Bond Sinking Fund or at the dates of maturity specified therein or (b) any default in the payment, other than by reason of an acceleration of the Series 2011 Bonds, when due of the interest on any such Series 2011 Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Series 2011 Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all fees and expenses of the Bond Trustee and any Paying Agent in connection with such default shall have been paid or provided for, including, but not limited to, the reasonable fees of their counsel. In case of any such waiver or rescission or in case any proceeding taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the City, the Bond Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 712. Corporation's Right of Possession and Use of Its Property. So long as the Corporation is in full compliance with the terms and provisions of the Loan Agreement, the Corporation shall be suffered and permitted to possess, use and enjoy its property and appurtenances thereto free of claims of the City and the Bond Trustee.

Section 713. Waiver of Redemption; Effect of Sale of the Corporation's Property. The City, to the extent permitted by law, shall not claim any rights under any stay, valuation, exemption or extension law, and hereby waives any right of redemption which it may have in respect of any sale or other disposition of the Corporation's property pursuant to the rights and remedies granted under this Article VII. Upon the institution of any foreclosure proceedings or upon such sale or other disposition of the Corporation's property, or any acceleration of the maturity of the Series 2011 Note, the principal of all Series 2011 Bonds then outstanding hereunder, if not previously due and payable shall without more become immediately due and payable.

Section 714. Notice of Default; Endorsement of Series 2011 Note. In the event of any default hereunder, the Bond Trustee will promptly give written notice thereof to the City and the Corporation setting forth the nature of such default. In the event of a default hereunder and in the event the City is requested by the Bond Trustee to endorse the Series 2011 Note as permitted under the Illinois Uniform Commercial Code, such endorsement may, in the discretion of the City, be without recourse.

Section 715. Lock-Box Provisions. Upon the occurrence and during the continuance of an event of default described in Section 702 hereof, the Bond Trustee shall give to the Corporation a notice (the "*Lock-Box Notice*") referring to this Section 715 of this Bond Indenture. Upon receipt of a Lock-Box Notice, (a) the Corporation will immediately commence depositing all Gross Revenues with the Bond Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within seven days the Corporation will (i) engage a Management Consultant (which Consultant is not objected to by the Bond Trustee and a Majority of Bondholders) to review the operating budget of the Corporation as required by this Section 715 and (ii) submit to such Consultant and the Bond Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month-by-month basis all operating expenses to be paid by the Corporation. Upon review of the proposed budget, the Consultant will notify the Corporation, any requesting Bondholder and the Bond Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the "*Lock-Box Budget*"), will be sent to the Corporation, any single Bondholder holding a majority in interests of the Series 2011 Bonds outstanding, any requesting Bondholder and the Bond Trustee. In the event that the Corporation fails to submit a proposed operating budget to the Consultant and the Bond Trustee, the Consultant will modify the operating budget last submitted to the Consultant as it deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Corporation, any single Bondholder holding a majority in interests of the Series 2011 Bonds outstanding, any requesting Bondholder and the Bond Trustee. The Bond Trustee agrees that, upon receipt of a Lock-Box Notice, it will make disbursements (from amounts deposited with it by the Corporation as provided above) in each month to the Corporation to pay operating expenses only in accordance with the Lock-Box Budget.

If at any time following a Lock-Box Notice all amounts due to the Bond Trustee have been paid in full, the Bond Trustee will notify the Corporation in writing that the amounts due have been paid in full. Notwithstanding the foregoing, the lock-box provisions under this Section 715 shall remain in effect for six (6) months after the date all amounts due have been paid. Additionally, the Bond Trustee with the consent of the Majority of Bondholders may in its discretion at any time agree to suspend such lock-box provisions by so notifying the Corporation in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Corporation, Gross Revenues need not be deposited with the Bond Trustee.

Section 716. Debt Service Reserve Fund Disbursements. In the event of default under Section 702 due to insufficient monies in the Interest Fund, Bond Sinking Fund and Operating Reserve Fund to make principal and interest payments on the Series 2011 Bonds, the Bond Trustee shall at least 30 days before the next principal or Interest Payment Date on the Bonds notify the Corporation and the Bondholders in writing of the disbursement amount from the Debt Service Reserve Fund which the Bond Trustee intends to make to ensure timely payment of principal and interest on the Bonds. If on or prior to five Business Days prior to a scheduled principal or Interest Payment Date, the Bond Trustee receives a request in writing from the Majority Bondholders not to disburse funds from the Debt Service Reserve Fund (a

“*DSRF Non-Disbursement Notice*”), the Bond Trustee shall not disburse moneys on deposit in the Debt Service Reserve Fund to make up any deficiencies in the Interest Fund and the Bond Sinking Fund.

ARTICLE VIII

The Bond Trustee

Section 801. Acceptance of the Trusts. The Bond Trustee accepts and agrees to execute the trusts imposed upon it by this Bond Indenture, but only upon the terms and conditions set forth herein. The Bond Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture. The Bond Trustee shall not be liable in connection with the performance of such duties, except with respect to its own negligence and willful misconduct. No implied covenants or obligations should be read into this Bond Indenture against the Bond Trustee. If any event of default under this Bond Indenture shall have occurred and be continuing, the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person’s own affairs. The Bond Trustee agrees to perform such trusts only upon and subject to the following expressed terms and conditions:

(a) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be responsible for the misconduct or negligence of the same appointed in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder, and may in all cases pay such reasonable compensation (which shall be expenses reimbursable to the Bond Trustee pursuant to Section 7.2 of the Loan Agreement) to any attorney, agent, receiver or employee retained or employed by it in connection herewith. The Bond Trustee may act upon the opinion or advice of an attorney, surveyor, engineer, accountant or other expert or contractor selected by it in the exercise of reasonable care or, if selected or retained by the City, approved by the Bond Trustee in the exercise of such care. The Bond Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

(b) The Bond Trustee shall not be responsible for any recital herein, or in the Series 2011 Bonds (except with respect to the certificate of the Bond Trustee endorsed on the Series 2011 Bonds), or for the investment of moneys as herein permitted (except that no investment shall be made except in compliance with Section 410 hereof and the Tax Compliance Agreement), or for the recording or re-recording, filing or re-filing of this Bond Indenture, or any supplement or amendment thereto, or the filing of financing statements, or for the validity of the execution by the City of this Bond Indenture, or of any supplemental indentures or instruments of further assurance, or for the sufficiency of the security for the Series 2011 Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the

maintenance of the security hereof. The Bond Trustee may (but shall be under no duty to) require of the City and the Corporation full information and advice as to the performance of the covenants, conditions and agreements in the Loan Agreement and shall make its best efforts, but without any obligation, to advise the City and the Corporation of any impending default known to the Bond Trustee. The Bond Trustee shall have no obligation to perform any of the duties of the City under the Loan Agreement.

(c) The Bond Trustee shall not be accountable for the use or application by the City or the Corporation of any of the Series 2011 Bonds or the proceeds thereof or for the use or application of any money paid over by the Bond Trustee in accordance with the provisions of this Bond Indenture or for the use and application of money received by any Paying Agent. The Bond Trustee may become the owner of Series 2011 Bonds secured hereby with the same rights it would have if not Bond Trustee.

(d) The Bond Trustee shall be protected in acting upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of Independent Counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed, or sent by the proper person or persons. Any action taken by the Bond Trustee pursuant to this Bond Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Series 2011 Bond, shall be conclusive and binding upon all future owners of the same Series 2011 Bond and upon Series 2011 Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Bond Trustee shall be entitled to rely upon a certificate signed on behalf of the City by its Mayor, City Clerk, City Manager or Assistant City Manager or such other representative as the City shall direct, as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Bond Trustee may accept a certificate of the Mayor of the City, or such other representative as the City shall direct, under its seal to the effect that a resolution or ordinance in the form therein set forth has been adopted by the City as conclusive evidence that such resolution or ordinance has been duly adopted and is in full force and effect.

(f) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty and the Bond Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Bond Trustee shall take notice or be deemed to have notice of any default hereunder as well as of amounts due from the Corporation under the Loan Agreement and other submissions required to be made by the Corporation.

(h) The Bond Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing any property of the Corporation.

(i) At any and all reasonable times, the Bond Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property pledged hereunder, including all books, papers and records of the City pertaining to the property pledged hereunder and the Series 2011 Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Bond Indenture contained, the Bond Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Series 2011 Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Bond Trustee deemed reasonably necessary for the purpose of establishing the right of the City to the authentication of any Series 2011 Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Bond Trustee.

(l) Before taking any action under this Bond Indenture relating to an event of default or in connection with its duties under this Bond Indenture other than making payments of principal and interest on the Series 2011 Bonds as they become due or causing an acceleration of the Series 2011 Bonds whenever required by the Bond Indenture, the Bond Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(m) All moneys received by the Bond Trustee or any Paying Agent shall, until used or applied or invested as provided in this Bond Indenture or in the Tax Compliance Agreement, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law, by this Bond Indenture or by the Tax Compliance Agreement. Neither the Bond Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder, except as provided in the Tax Compliance Agreement with respect to the continuous investment of funds, and except such as may be agreed upon.

(n) The Bond Trustee shall have no responsibility with respect to any information, statement or recital in any Private Placement Memorandum, offering

memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Bond Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(o) Notwithstanding the effective date of this Bond Indenture or anything to the contrary in this Bond Indenture, the Bond Trustee shall have no liability or responsibility for any act or event relating to this Bond Indenture which occurs prior to the date the Bond Trustee formally executes this Bond Indenture and commences acting as Bond Trustee hereunder.

(p) The Bond Trustee agrees to accept and act upon instructions or directions pursuant to this Bond Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Corporation shall provide to the Bond Trustee an incumbency certificate listing designated persons with the authority to provide such instruction and directions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Bond Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bond Trustee in its discretion elects to act upon such instructions, the Bond Trustee's understanding of such instructions shall be deemed controlling. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 802. Fees, Charges and Expenses of the Bond Trustee, the Bond Registrar and the City. The Bond Trustee, Bond Registrar and City shall be entitled to payment and reimbursement for reasonable fees for their respective services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Bond Trustee, Bond Registrar and City in connection with such services and in connection with entering into this Bond Indenture, including any such fees and expenses incurred in connection with action taken hereunder.

The City shall require the Corporation, pursuant to the Loan Agreement, to indemnify and hold harmless the Bond Trustee against any liabilities which the Bond Trustee may incur in the exercise and performance of its powers and duties hereunder and under any other agreement referred to herein which are not due to the Bond Trustee's negligence or willful misconduct, and for any reasonable fees and expenses of the Bond Trustee to the extent funds are not available under this Bond Indenture for the payment thereof. The rights of the Bond Trustee under this Section 802 shall survive the payment in full of the Series 2011 Bonds, the discharge of this Bond Indenture and the resignation or removal of the Bond Trustee.

When the Bond Trustee incurs expenses or renders services after an event of default specified in Section 702 occurs, the reasonable expenses and the compensation for

services (including the reasonable fees and expenses of its agents and counsel) are intended to constitute expenses of administration under applicable bankruptcy law.

Section 803. Notice to Bondholders if Default Occurs. If an event of default occurs, the Bond Trustee shall give written notice thereof by first class mail or an overnight delivery service, postage prepaid, to the City and the registered owners of all Series 2011 Bonds then outstanding as shown on the Bond Register.

Section 804. Intervention by Bond Trustee. In any judicial proceeding to which the City is a party and which in the opinion of the Bond Trustee and its counsel has a substantial bearing on the interests of owners of the Series 2011 Bonds, the Bond Trustee may intervene on behalf of Bondholders and, subject to the provisions of Section 801(l), shall do so if requested in writing by the Majority of Bondholders in aggregate principal amount of all Series 2011 Bonds then outstanding. The rights and obligations of the Bond Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 805. Successor Bond Trustee. Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided such corporation or association is otherwise eligible under Section 806, shall be and become successor Bond Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 806. Bond Trustee Required; Eligibility. There shall at all times be a Bond Trustee hereunder which shall be a bank or trust company organized and in good standing under the laws of the United States of America or any State or the District of Columbia, authorized to exercise corporate trust powers, subject to supervision or examination by federal or state authorities, and having, with its parent bank or trust company, a reported combined capital and surplus of not less than \$50,000,000. If at any time the Bond Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner provided in Section 807. No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee shall become effective until the successor Bond Trustee has accepted its appointment under Section 809 hereof. If a successor Bond Trustee shall not have accepted its appointment under Section 809 hereof within 30 days of a notice of resignation or removal of the current Bond Trustee, the Bond Trustee may apply to a court of competent jurisdiction to appoint a successor Bond Trustee to act until such time, if any, as a successor shall have so accepted its appointment. All costs, fees and expenses related to such application to any court shall be paid by the Corporation.

Section 807. Resignation by the Bond Trustee. The Bond Trustee and any successor Bond Trustee may at any time resign from the trusts hereby created by executing any instrument in writing resigning such trusts and specifying the date when such resignation shall take effect, and filing the same with the City and the Corporation not less than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving notice to

such resignation to each registered owner of Bonds then outstanding by first class mail, postage prepaid, not less than 20 days prior to such resignation date.

Section 808. Removal of the Bond Trustee. The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Bond Trustee and the City and signed by the Corporation with the consent of the Majority of Bondholders so long as no default has occurred and is continuing under this Bond Indenture or the Loan Agreement. If an "*Event of Default*" has occurred, the Majority of Bondholders shall have the right to replace the Bond Trustee. The foregoing notwithstanding, the Bond Trustee may not be removed by the Corporation unless written notice of the delivery of such instrument or instruments signed by the Corporation is mailed to the owners of all Series 2011 Bonds outstanding under this Bond Indenture, which notice indicates the Bond Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective upon the consent of the Majority of the Bondholders and upon the later of the acceptance of the appointment by the successor Bond Trustee, or the 60th day next succeeding the date of such notice, unless the owners of 10% or more in aggregate principal amount of such Series 2011 Bonds then outstanding under this Bond Indenture shall object in writing to such removal and replacement. Such notice shall be mailed by first class mail postage prepaid to the owners of such Series 2011 Bonds then outstanding at the address of such owners then shown on the Bond Register.

Section 809. Appointment of Successor Bond Trustee by the Bondholders; Temporary Bond Trustee. In the event that the Bond Trustee hereunder shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, a successor may (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Loan Agreement and no event has occurred that would become an event of default under the Loan Agreement with the giving of notice or the passage of time), be appointed by the Corporation with the consent of a Majority of Bondholders by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the City, retiring Bond Trustee, successor Bond Trustee and Corporation. Pending such appointment by the Corporation with the consent of the Bondholders, the City may, with the consent of the Corporation (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Loan Agreement), appoint a temporary successor Bond Trustee by an instrument in writing signed by an authorized officer of the City, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the retiring Bond Trustee, successor Bond Trustee and Corporation.

If the Corporation, registered owners and the City fail to so appoint a successor Bond Trustee hereunder within twenty (20) days after the Bond Trustee has given notice of its resignation, has been removed, has been dissolved, has otherwise become incapable of acting hereunder or has been taken under control by a public officer or receiver, the Bond Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor hereunder. Every such Bond Trustee appointed pursuant to the provisions of this Section 809 shall be a trust company or bank organized and in good standing under the laws of Illinois or any State or the

District of Columbia and have a combined capital and surplus of not less than \$50,000,000 as set forth in its most recent published annual report of condition.

Section 810. Judicial Appointment of Successor Trustee. In case at any time the Bond Trustee shall resign or receive notice of removal and no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Article VIII prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the resigning Bond Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Bond Trustee. If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Article VIII within six calendar months after a vacancy shall have occurred in the office of Bond Trustee, any owner of Series 2011 Bonds may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Bond Trustee.

Section 811. Concerning Any Successor Bond Trustees. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the City, or of its successor, execute and deliver an instrument transferring to such successor Bond Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all securities and moneys held by it as Bond Trustee hereunder to its successors. Should any instrument in writing from the City be required by any successor Bond Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Bond Trustee in each recording office, if any, where this Bond Indenture shall have been filed and/or recorded.

Section 812. Bond Trustee Protected in Relying Upon Resolution, Etc. The resolutions, opinions, certificates and other instruments provided for in this Bond Indenture may be accepted by the Bond Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Bond Trustee for the release of property and the withdrawal of cash hereunder.

Section 813. Successor Bond Trustee as Trustee of Funds, Paying Agent and Bond Registrar. In the event of a change in the office of Bond Trustee, the predecessor Bond Trustee which has resigned or been removed shall cease to be trustee of the Revenue Fund, the Interest Fund, the Bond Sinking Fund, the Debt Service Reserve Fund, the Optional Redemption Fund, the Expense Fund, the Project Fund, the Operating Reserve Fund, the Repair and Replacement Fund, and any other funds provided hereunder and bond registrar and Paying Agent for principal of, premium, if any, and interest on the Series 2011 Bonds, and the successor Bond Trustee shall become such Bond Trustee, bond registrar and Paying Agent unless a

separate Paying Agent or Agents are appointed by the City in connection with the appointment of any successor Bond Trustee.

Section 814. Representations, Warranties and Covenants of the Bond Trustee. All Federal, State and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by the Bond Trustee with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, the Bond Trustee of the Bond Indenture have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with. The Bond Trustee has a combined capital and surplus of at least \$50,000,000 or, alternatively, a liability policy having the type of coverage and in an amount acceptable to the City and the Corporation. The Bond Trustee has an operations group of at least four (4) experienced trust officers, with primary responsibility for municipal bond issues. The Bond Trustee administers at least 25 municipal bond indentures aggregating at least \$25,000,000 under its administration.

ARTICLE IX

Supplemental Bond Indentures

Section 901. Supplemental Bond Indentures Not Requiring Consent of Bondholders. Subject to the limitations set forth in Section 902 hereof with respect to this Section 901, the City and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Bond Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Bond Indenture;
- (b) to grant to or confer upon the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders and the Bond Trustee, or either of them;
- (c) to assign and pledge under or to subject to this Bond Indenture additional revenues, properties or collateral;
- (d) to evidence the appointment of a separate trustee or the succession of a new bond trustee hereunder;
- (e) to permit the qualification of this Bond Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Series 2011 Bonds for sale under the securities laws of any state of the United States;
- (f) to permit the issuance of coupon bonds of any series hereunder and to permit the exchange of bonds from registered form to coupon form and vice versa;

(g) to provide for the refunding or advance refunding of any Series 2011 Bonds including to establish and administer an escrow fund and to take related action in connection therewith;

(h) to modify, amend or supplement this Bond Indenture or any indenture supplemental hereto in such manner as to permit certificated Series 2011 Bonds;

(i) to modify, amend or supplement this Bond Indenture or any indenture supplemental hereto in such manner as to permit continued compliance with the Tax Compliance Agreement; and

(j) to make any other change that, in the judgment of the Bond Trustee, does not materially adversely affect the rights of any Bondholders.

The City and the Bond Trustee may not enter into a bond indenture or indentures supplemental to this Bond Indenture pursuant to paragraph (f) of this Section 901 unless they shall have received an Opinion of Bond Counsel to the effect that the issuance of coupon Series 2011 Bonds will not adversely affect the validity or enforceability in accordance with their terms of such Series 2011 Bonds or adversely affect any exemption for purposes of federal income taxation to which the interest paid on any Series 2011 Bonds would otherwise be entitled.

Section 902. Supplemental Bond Indentures Requiring Consent of Bondholders. In addition to supplemental indentures covered by Section 901 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Series 2011 Bonds which are outstanding hereunder at the time of the execution of such supplemental indenture, shall have the right, from time to time, anything contained in this Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Bond Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in this Bond Indenture or in any supplemental indenture; provided, however, that nothing contained in this Section or in Section 901 hereof shall permit, or be construed as permitting a supplemental indenture to effect: (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of any Bonds without the consent of the owners of such Series 2011 Bonds; (b) a reduction in the amount or extension of the time of any payment required to be made to or from the Interest Fund or the Bond Sinking Fund; (c) the creation of any lien prior to or on a parity with the lien of this Bond Indenture, without the consent of the owners of all the Series 2011 Bonds at the time outstanding; (d) a reduction in the aforesaid aggregate principal amount of Series 2011 Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Series 2011 Bonds at the time outstanding which would be affected by the action to be taken; or (e) a modification of the rights, duties or immunities of the Bond Trustee or the City, without the written consent of the Bond Trustee or the City, as applicable.

If at any time the City shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed

execution of such supplemental indenture to be mailed to each owner of Series 2011 Bonds as shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the owners of the requisite principal amount of Series 2011 Bonds which are outstanding hereunder at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Series 2011 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 903. Consent of the Corporation. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article IX which adversely affects the rights of the Corporation under the Loan Agreement shall not become effective unless and until the Corporation shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Bond Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to which the Corporation has not already consented, together with a copy of the proposed supplemental indenture and a written consent form to be signed by the Corporation to be mailed by certified or registered mail to the Corporation at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture.

ARTICLE X

Amendments to the Loan Agreement

Section 1001. Amendments, Etc. to Loan Agreement Not Requiring Consent. Subject to the terms and provisions of Section 1003 of this Bond Indenture, the City and the Corporation may, with the prior written consent of the Bond Trustee, amend or modify the Loan Agreement, or any provision thereof, or may consent to the amendment or modification thereof, in any manner not inconsistent with the terms and provisions of this Bond Indenture, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect in the Loan Agreement; (b) to grant to or confer upon the City or Bond Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the City or the Bond Trustee; (c) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Series 2011 Bonds; (d) to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Bond Trustee and the Corporation deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure

requirements with respect to tax-exempt obligations of the type that includes the Series 2011 Bonds; (e) to provide that Series 2011 Bonds may be secured by additional security not otherwise provided for in the Bond Indenture or the Loan Agreement; (f) to provide for the appointment of a successor securities depository; (g) to provide for the availability of certificated Series 2011 Bonds; (h) to provide for changes in the components of the Bond Financed Property, to the extent permitted by this Bond Indenture and the Loan Agreement and (i) to make any other change which does not, in the opinion of the Bond Trustee, have a material adverse effect upon the interests of the Bondholders.

Section 1002. Amendments, Etc. to Loan Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 1001 hereof, neither the City nor the Bond Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent, given and procured as in this Section provided, of the owners of not less than a majority in aggregate principal amount of the Series 2011 Bonds which are outstanding hereunder at the time of execution of any such amendment, change or modification; provided that if such amendment, change or modification will, by its terms, not take effect so long as any Series 2011 Bonds remain outstanding, the consent of the owners of such Series 2011 Bonds shall not be required. If at any time the City and the Corporation shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to fees, expenses and liability, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 902 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to give such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the owners of not less than a majority in aggregate principal amount of the Series 2011 Bonds outstanding hereunder at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no owner of any Series 2011 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 1003. No Amendment May Alter Series 2011 Note. Under no circumstances shall any amendment to the Loan Agreement alter the Series 2011 Note pledged hereunder regarding the payments of principal, premium, if any, and interest thereon, without the consent of the owners of all the Series 2011 Bonds outstanding.

ARTICLE XI

Satisfaction of this Bond Indenture

Section 1101. Provision for Payment. If the City shall pay or provide for the payment of the entire indebtedness on all Series 2011 Bonds (including, for the purposes of this Section 1101, Series 2011 Bonds held by the Corporation) outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Series 2011 Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Series 2011 Bonds outstanding (including the payment of premium, if any, and interest payable on such Series 2011 Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Bond Trustee, for cancellation by it, all Series 2011 Bonds outstanding; or

(d) by depositing with the Bond Trustee, in trust, noncallable Government Obligations in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding at or before their respective maturity dates;

and if the City shall pay or cause to be paid all other sums payable hereunder by the City, this Bond Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Bond Trustee shall, upon Written Request of the City, and upon receipt by the Bond Trustee of an Officer's Certificate and an opinion of Independent Counsel addressed to the Bond Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Bond Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Bond Indenture and the lien hereof.

The satisfaction and discharge of this Bond Indenture shall be without prejudice to the rights of the Bond Trustee to charge and be reimbursed by the City and the Corporation for any fees and expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit in the Revenue Fund, Interest Fund, Bond Sinking Fund, Debt Service Reserve Fund, Optional

Redemption Fund, Project Fund, Operating Reserve Fund, Repair and Replacement Fund, or in any other fund or investment under this Bond Indenture (other than said Government Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of this Bond Indenture, forthwith be transferred, paid over and distributed to the City and the Corporation, as their respective interests may appear.

The City or the Corporation may at any time surrender to the Bond Trustee for cancellation by it any Series 2011 Bonds previously authenticated and delivered, which the City or the Corporation may have acquired in any manner whatsoever, and such Series 2011 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 1102. Liability of City Not Discharged. Upon the deposit with the Bond Trustee, in trust, at or before maturity, of money or noncallable Government Obligations in the necessary amount to pay or redeem all outstanding Series 2011 Bonds (whether upon or prior to their maturity or the redemption date of such Series 2011 Bonds) and compliance with the other payment requirements of Section 1101, provided that if such Series 2011 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V herein provided, or provisions satisfactory to the Series 2011 Bond Trustee shall have been made for the giving of such notice, and subject to the provisions of Section 1104, this Bond Indenture may be discharged in accordance with the provisions hereof, but the liability of the City in respect of the Series 2011 Bonds shall continue, provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or the Government Obligations deposited with the Bond Trustee as aforesaid.

Section 1103. Provision for any Portion of the Series 2011 Bonds. If the City shall pay or provide for the payment of the entire indebtedness on any portion of the Series 2011 Bonds (including for purposes of this Section 1103 Series 2011 Bonds held by the Corporation), in one or more of the following ways:

(a) by paying or causing to be paid the principal of (including premium, if any) and interest on any such portion of the Series 2011 Bonds as and when the same shall become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) such portion of the Series 2011 Bonds (including the payment of premium, if any, and interest payable on such portion of the Series 2011 Bonds to the maturity or redemption date thereof), provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Bond Trustee, for cancellation by it, any such portion of the Series 2011 Bonds; or

(d) by depositing with the Bond Trustee, in trust, noncallable Government Obligations in such amount as will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or before their respective maturity dates;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to a portion of the Series 2011 Bonds, and, upon the request of the City or the Bond Trustee, if such portion of the Series 2011 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V of this Bond Indenture provided or provisions satisfactory to the Bond Trustee shall have been made for the giving of such notice, such Series 2011 Bonds shall cease to be entitled to any lien, benefit or security under this Bond Indenture. The liability of the City in respect of such Series 2011 Bonds shall continue but the owners thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Government Obligations deposited with the Bond Trustee as aforesaid.

Section 1104. When Refunding Is Not Permitted. None of the Series 2011 Bonds outstanding hereunder may be refunded as aforesaid nor may this Bond Indenture be discharged if under any circumstances such refunding or discharge would result in the loss of any exemption for purposes of federal income taxation to which interest on the Series 2011 Bonds would otherwise be entitled. As a condition precedent to the refunding of any Series 2011 Bonds outstanding hereunder, the Bond Trustee shall receive (i) an Opinion of Bond Counsel to the effect that such refunding will not result in the loss of any exemption for purposes of federal income taxation to which the interest on such Series 2011 Bonds would otherwise be entitled, notwithstanding the satisfaction and discharge of this Bond Indenture and (ii) upon the request of the City or the Bond Trustee, a verification report of independent certified public accountants (or another Consultant acceptable to the Bond Trustee) with respect to the sufficiency of the moneys and Government Obligations deposited with the Bond Trustee, upon which the Bond Trustee may rely.

Section 1105. Redemption After Satisfaction of Indenture. Notwithstanding anything to the contrary herein, upon the provision for payment of the Series 2011 Bonds or a portion thereof as specified in Section 1101(b) or (d) or Section 1103(b) or (d), the optional redemption provisions of Sections 501 of this Bond Indenture allowing such Series 2011 Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of such Series 2011 Bonds having been made through a date after the first optional redemption date provided for in Section 501 hereof) shall remain available to the City, upon direction of the Corporation unless, in connection with making the deposits referred to in those sections, the City, at the direction of the Corporation, shall have irrevocably elected to waive any future right to call the Series 2011 Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary herein, upon provision for payment of the Series 2011 Bonds or any portion thereof prior to the maturity thereof as specified in Section 1101(b) or (d) of Section 1103(b) or (d), the City, at the direction of the Corporation, may elect to restructure any escrow deposit account and to pay such Series 2011 Bonds on the respective maturity dates therefor unless, in connection with making the deposits referred to in such sections, the City, at the direction of the Corporation shall have irrevocably elected to waive the right to provide for the payment of such Series 2011 Bonds on their respective maturity dates. No such redemption

or restructuring shall occur, however, unless the Corporation shall deliver on behalf of the City to the Bond Trustee (a) United States Government Obligations and/or cash sufficient to discharge such Series 2011 Bonds (or portion thereof) on the redemption date or dates selected, (b) an opinion of an independent certified public accountant verifying that such United States Government Obligations, together with the expected earnings thereon, and/or cash will be sufficient to provide for the payment of such Series 2011 Bonds to the redemption or maturity dates, and (c) an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such earlier redemption or restructuring, will not result in the loss of any exemption for purposes of federal income taxation to which interest on the Series 2011 Bonds would otherwise be entitled. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Series 2011 Bonds affected thereby.

ARTICLE XII

Manner of Evidencing Ownership of Series 2011 Bonds; Bonds Held by Corporation

Section 1201. Proof of Ownership. Any request, direction, consent or other instrument provided by this Bond Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Series 2011 Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Indenture and shall be conclusive in favor of the Bond Trustee and the City, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) the ownership of Series 2011 Bonds and the amounts and registration numbers of such Series 2011 Bonds and the date of owning the same shall be proved by the Bond Register.

Any action taken or suffered by the Bond Trustee pursuant to any provision of this Bond Indenture, upon the request or with the assent of any person who at the time is the owner of any Series 2011 Bond or Series 2011 Bonds, shall be conclusive and binding upon all future owners of the same Series 2011 Bond or Series 2011 Bonds.

ARTICLE XIII

Miscellaneous

Section 1301. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Indenture or the Series 2011 Bonds is intended or shall be construed to give to any person other than the parties hereto and the owners of the Series 2011 Bonds, any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and provisions herein contained; this Bond Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Series 2011 Bonds as herein provided.

Section 1302. Unclaimed Moneys. Any moneys deposited with the Bond Trustee by or on behalf of the City in accordance with the terms and covenants of this Bond Indenture in order to redeem or pay any Series 2011 Bond in accordance with the provisions of this Series 2011 Bond Indenture and remaining unclaimed by the owners of the Series 2011 Bond for four years after the final maturity of all Series 2011 Bonds issued hereunder or the redemption date of all the Series 2011 Bonds shall, if the City is not at the time to the knowledge of the Bond Trustee in default with respect to any of the terms and conditions of this Bond Indenture or in the Series 2011 Bonds contained and the Corporation is not in default with respect to any of the terms and conditions of the Loan Agreement, be repaid by the Bond Trustee to the Corporation; and thereafter the owners of the Series 2011 Bond shall be entitled to look only to the City for payment thereof provided that the City shall be obligated to make such payment only to the extent it obtains funds therefor from the Corporation pursuant to Section 6.9 of the Loan Agreement. The Bond Trustee, before being required to make any such repayment, shall, at the expense of the Corporation, mail to the registered owners of the Series 2011 Bonds, at the address that last appears on the Bond Register, a notice to the effect that said moneys have not been so applied and that after the date named in said notice any unclaimed balance of said moneys then remaining shall be paid to the Corporation. The Corporation hereby covenants and agrees to indemnify and save the Bond Trustee harmless from any and all loss, costs, liability and expense suffered or incurred by the Bond Trustee by reason of having returned any such moneys to the Corporation as herein provided.

Section 1303. Severability. If any provision of this Bond Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Bond Indenture contained shall not affect the remaining portions of this Bond Indenture or any part thereof.

Section 1304. Notices. Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same are: (i) deposited in the United States mail and sent by first class mail, postage prepaid, or (ii) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

To the City: City of Evanston
2100 Ridge Avenue
Evanston, Illinois 60201
Attention: City Manager
Telephone: (847) 866-2936

with a copy to: City of Evanston
2100 Ridge Avenue
Evanston, Illinois 60201
Attention: Corporation Counsel
Telephone: (847) 866-2937

To the Corporation: Roycemore School
1200 Davis Street
Evanston, Illinois 60201
Attention: Joseph A. Becker,
President
Telephone: (847) 866-6055

To the Bond Trustee: Wells Fargo Bank, N.A.
230 West Monroe Street – 29th Floor
Chicago, Illinois 60606
Attention: Gail A. Klewin
Telephone: (312) 845-9717

To the Initial Majority Bondholders: Nuveen Asset Management
333 West Wacker Drive
Chicago, Illinois 60606
Attention: Michelle Dougherty
Telephone: (312) 917-8265

Section 1305. Bond Trustee as Paying Agent and Registrar. The Bond Trustee is hereby designated and agrees to act as principal Paying Agent and bond registrar for and in respect to the Series 2011 Bonds.

Section 1306. Counterparts. This Bond Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1307. Governing Law. This Bond Indenture shall be governed by and construed in accordance with the laws of the State of Illinois applicable to contracts performed wholly therein.

Section 1308. Provisions for Payment of Expenses. The City shall not be obligated to execute any documents or take any other action under or pursuant to this Bond Indenture, the Loan Agreement, the Series 2011 Note or any other document in connection with the Series 2011 Bonds unless and until provision for the payment of expenses of the City, including legal counsel fees, shall have been made. Provisions for expenses shall be deemed to have been made upon arrangements reasonably satisfactory to the City for the provision of expenses being agreed upon by the City and the party requesting such execution.

Section 1309. Immunity of Officers, Employees and Members of City. No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Series 2011 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture or Loan Agreement or Placement Agreement against any past, present or future member of the City Council, officer, agent or employee of the City, or any incorporator, member of the City Council, officer, employee, director or trustee of any successor municipality, as such, either directly or through the City or any successor municipality, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member of the City Council, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture or the Loan Agreement and the issuance of the Series 2011 Bonds.

Section 1310. Payments Due on Non-Business Days. If a payment date is not a business day at the place of payment, then payment may be made at that place on the next business day, and no interest shall accrue for the intervening period.

[Signature Page Follows]

IN WITNESS WHEREOF, the CITY OF EVANSTON, ILLINOIS has caused these presents to be signed in its name and on its behalf by its Mayor and WELLS FARGO BANK, N.A., as Bond Trustee, to evidence its acceptance of the trusts hereby created, has caused these presents to be signed in its name and on its behalf by one of its duly authorized officers, and its official seal to be hereunto affixed, and the same to be attested by one of its duly authorized officers, all as of the day and year first above written.

CITY OF EVANSTON, ILLINOIS

By: _____
Mayor

WELLS FARGO BANK, N.A.,
as Bond Trustee

By: _____
Authorized Officer

(SEAL)

ATTEST:

By: _____
Authorized Officer

EXHIBIT A

(Form of Series 2011 Registered Bond)

UNITED STATES OF AMERICA
STATE OF ILLINOIS
CITY OF EVANSTON
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	July 1, _____	Date of Initial Issuance	_____

PRINCIPAL SUM: _____

REGISTERED OWNER: Cede & Co.

Certain words not defined herein shall have the meanings assigned to them in the hereinafter-described Bond Indenture.

The CITY OF EVANSTON, ILLINOIS (the "*City*"), a municipality and home rule unit of the State of Illinois, for value received, hereby promises to pay in lawful money of the United States of America to the registered owner specified above or registered assigns, on the maturity date identified above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Series 2011 Note (hereinafter referred to) and amounts payable under the Loan Agreement (hereinafter referred to), which payments are pledged and assigned for the payment hereof pursuant to the Bond Indenture hereinafter mentioned and not otherwise, upon surrender hereof, the principal sum set forth above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount, payable solely from said Series 2011 Note payments and amounts payable under the Loan Agreement, from the date of this Bond or from the most recent Interest Payment Date (as defined below) to which interest has been paid at the interest rate per annum set forth above on January 1 and July 1 of each year (an "*Interest Payment Date*") commencing January 1, 2012, until payment of such principal amount or provision therefor shall have been made upon redemption or at maturity. The principal of this Bond is payable upon presentment at the designated corporate trust office of Wells Fargo Bank, N.A., as bond trustee (the "*Bond Trustee*") in Chicago, Illinois (or such other office as the Bond Trustee shall designate in a notice to the owners of the Series 2011 Bonds), or of any alternate Paying Agent (as defined in the Bond Indenture), if any, named in such Bonds or to the registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of immediately available funds sent on the principal payment date in accordance with the provisions of the Bond Indenture.

THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY, SECURED AS AFORESAID AND PAYABLE SOLELY OUT OF THE REVENUES AND INCOME DERIVED FROM THE LOAN AGREEMENT AND THE SERIES 2011 NOTE AND AS OTHERWISE PROVIDED IN THE ORDINANCE, INDENTURE AND THE LOAN AGREEMENT. THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM. NO OWNER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER, IF ANY, OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

Except as otherwise provided in the Bond Indenture with respect to Defaulted Interest (as defined therein), payment of interest hereon shall be made to the registered owner hereof as shown on the registration books of the City (the "*Bond Register*") at the close of business on the 1st of January and the 1st of July (whether or not a Business Day) next preceding an Interest Payment Date (the "*Record Date*") and shall be paid (i) by check or draft mailed on the Interest Payment Date to such registered owner at such person's address as it appears on the Bond Register or at such other address as may be furnished in writing by such registered owner to the Bond Trustee prior to the applicable Record Date or (ii) to the registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of immediately available funds sent on the Interest Payment Date in accordance with the provisions of the Bond Indenture.

This Bond is one of an authorized series of Bonds issued under the hereinafter described Bond Indenture in the aggregate principal amount of \$13,590,000 (the "*Series 2011 Bonds*"). The Series 2011 Bonds are being issued for the purpose of loaning funds to Roycemore School (the "*Corporation*"), an Illinois not for profit corporation, which will be used together with certain other moneys, to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "*Campus*") with an existing three level, 66,000 square foot building (the "*Facility*" and together with the Campus, the "*School Facility*"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (collectively, the "*Project*"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "*Financing Purposes*"), all as permitted by the Ordinance.

The City will loan the proceeds of the Series 2011 Bonds to the Corporation pursuant to the Loan Agreement dated as of July 1, 2011 between the City and the Corporation (the "*Loan Agreement*"). The terms of the Loan Agreement will require payments by the Corporation which, together with other moneys available therefor, will be sufficient to provide

for the payment of the principal of and interest on the Series 2011 Bonds. The Series 2011 Bonds are secured by the Promissory Note, Series 2011 (the "*Series 2011 Note*") in the principal amount of \$13,590,000 to be issued pursuant to the Loan Agreement.

The Series 2011 Bonds are all issued under and equally and ratably secured by and entitled to the security of a Bond Trust Indenture dated as of July 1, 2011 (the "*Bond Indenture*"), duly executed and delivered by the City to the Bond Trustee, pursuant to which Bond Indenture the Series 2011 Note is pledged and assigned and all the right, title and interest of the City in and to the Loan Agreement (excluding Unassigned Rights, as defined in the Bond Indenture) are assigned by the City to the Bond Trustee as security for the Series 2011 Bonds. In addition, all or any portion of the Series 2011 Bonds may be advance refunded through a deposit in escrow for the benefit of such Bonds of cash and/or noncallable Government Obligations (as defined in the Bond Indenture). Reference is made to the Bond Indenture, to all indentures supplemental thereto, to the Loan Agreement, to all amendments thereto, for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Bond Trustee, the rights of the owners of the Series 2011 Bonds, and to all provisions of which the owner by the acceptance of this Series 2011 Bond assents.

This Series 2011 Bond and the other Series 2011 Bonds, and the interest payable hereon and thereon, do not now and shall never constitute an indebtedness or an obligation of the City, the State of Illinois (the "*State*") or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Series 2011 Note pledged under the Bond Indenture (except as stated aforesaid). No owner of the Series 2011 Bonds shall have the right to compel the exercise of the taxing power, if any, of the City, the State or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2011 Bonds.

This Series 2011 Bond and the other Series 2011 Bonds, and the interest payable hereon and thereon, are limited obligations of the City and are payable solely from payments or prepayments to be made under the Loan Agreement and on the Series 2011 Note which are pledged and assigned for the payment of the Series 2011 Bonds in accordance with the Bond Indenture and from moneys and investments held by the Bond Trustee under the Bond Indenture and in certain circumstances from proceeds of insurance and condemnation awards or sales made under threat of condemnation.

This Series 2011 Bond is registered on the Bond Register and may be transferred by the registered owner hereof at the written request of such registered owner in person or by such person's attorney duly authorized in writing at the designated corporate trust office of the Bond Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Indenture and upon surrender and cancellation of this Series 2011 Bond. Upon such transfer a new registered Series 2011 Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The City, the Bond Trustee and any paying agent may deem and treat the person in whose name this Series 2011 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal

and interest due hereon and for all other purposes and neither the City, the Bond Trustee nor any paying agent shall be affected by any notice to the contrary. The Bond Trustee shall not be required to register the transfer or exchange of any registered Series 2011 Bond during the period of 15 days next preceding any Interest Payment Date with respect to such Bond, nor to transfer or exchange any Bond after the mailing of notice calling such Series 2011 Bond for redemption has been made, nor during a period of 15 days next preceding the mailing of notice of redemption of any Series 2011 Bonds of the same maturity.

The Series 2011 Bonds are initially issuable only as registered Bonds without coupons in denominations of \$5,000 and integral multiples thereof ("*Authorized Denominations*"). Subject to the limitations and upon payment of the charges provided in the Bond Indenture, Series 2011 Bonds in authorized denominations may be exchanged for a like aggregate principal amount of registered Series 2011 Bonds of other authorized denominations of the same maturity.

The Series 2011 Bonds are also redeemable prior to maturity (i) in the event of damage to or destruction of, or the condemnation of, or sale consummated under threat of condemnation of, the Project or any part thereof, if the Net Proceeds of insurance, condemnation or sale received in connection therewith and applied to make prepayments on the Series 2011 Note exceeds \$250,000; or (ii) in the event the Corporation shall exercise its option to prepay the Series 2011 Note in an amount sufficient to redeem all or a portion of the Series 2011 Bonds then outstanding. If called for redemption in the events referred to in (i) above, the Series 2011 Bonds shall be subject to redemption by the City at any time, in whole or in part, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a maturity is being redeemed, in such random manner as the Bond Trustee shall deem appropriate), without premium, as provided in the Bond Indenture. If called for redemption in the event referred to in (ii) above, Series 2011 Bonds shall be subject to redemption, in whole or in part, at the times and in the manner and with the same premium set forth below as if such Series 2011 Bonds were being redeemed at the option of the City.

Outstanding Series 2011 Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity on or after July 1, 2021 at the option of the City upon direction of the Corporation out of amounts prepaid on the Series 2011 Note and deposited in the Optional Redemption Fund, in whole or in part at any time, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a single maturity is being redeemed, in such manner as the Bond Trustee shall deem appropriate), at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

In lieu of redeeming Series 2011 Bonds, the Bond Trustee may, at the request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2011 Bonds to purchase Series 2011 Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2011 Bonds are also subject to mandatory tender and purchase as described in the Bond Indenture.

No optional or extraordinary redemption of less than all of the Series 2011 Bonds at the time outstanding other than in accordance with the Bond Indenture, shall be made unless

the total amount of funds available and to be used for such partial redemption is equal to or greater than \$100,000 and is an Authorized Denomination. If less than all of a single maturity of Series 2011 Bonds is to be redeemed, such Bonds shall be randomly selected utilizing such method as may be designated by the Bond Trustee. In the case of any optional or extraordinary redemption or any purchase and cancellation of the Series 2011 Bonds, the City shall receive credit against its required Bond Sinking Fund deposits with respect to such Series 2011 Bonds of such serial maturity.

In the event any of the Series 2011 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2011 Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the redemption date to the registered owner of each Series 2011 Bond to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect in such notice or mailing as to any Series 2011 Bond, shall not affect the validity of any proceedings for redemption as to any Series 2011 Bond as to which notice has been properly given. All Series 2011 Bonds so called for redemption will cease to bear interest on the specified redemption date, provided that notice of redemption has been given and funds for their redemption are on deposit with the Bond Trustee, and shall no longer be protected by the Bond Indenture and shall not be deemed to be outstanding under the provisions of the Bond Indenture.

The Series 2011 Bonds are also subject to advance defeasance of the Bond Indenture by depositing with the Bond Trustee noncallable Government Obligations (as defined in the Bond Indenture) in such amount, together with income or increment to accrue thereon, but without consideration of any reinvestment thereof, and any uninvested cash, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding under the Bond Indenture at or before their respective maturity dates. The Series 2011 Bonds are also subject to advance defeasance of the Bond Indenture by depositing with the Bond Trustee moneys in an amount sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding under the Bond Indenture at or before their respective maturity dates, provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such moneys may be used for any other purpose under the Act. Upon such payment or provision therefor, together with all other payments required under the Bond Indenture, the Bond Indenture may be discharged by the Bond Trustee in accordance with the provisions thereof, but the City shall remain the obligor on all Series 2011 Bonds although the owners thereof and the owner hereof shall be entitled to payment solely out of such cash and/or funds received from such Government Obligations deposited with the Bond Trustee.

The City may also pay or provide for the payment of any portion of the Series 2011 Bonds by: (a) depositing with the Bond Trustee noncallable Government Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, and any uninvested cash, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or

before their respective maturity dates; or (b) depositing with the Bond Trustee moneys in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any portion of the Series 2011 Bonds at or before their respective maturity dates, provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purchase under the Act. Upon such deposit, such Bonds of such series or any such portion thereof shall cease to be entitled to any lien, benefit or security under the Bond Indenture. The City shall remain the obligor on such portion of the Series 2011 Bonds but the holders thereof shall be entitled to payment (to the exclusion of all other Bondholders) solely out of funds received from such Government Obligations and/or cash deposited with the Bond Trustee. The foregoing notwithstanding, none of the Series 2011 Bonds may be refunded nor may the Bond Indenture be discharged if under any circumstances such refunding would result in the loss of any exemption for the purposes of federal income taxation to which interest on the Series 2011 Bonds would otherwise be entitled. The Bond Indenture requires that the Bond Trustee receive an opinion of nationally recognized municipal bond counsel (which bond counsel and opinion, including without limitation the scope, form, substance and other aspects thereof are acceptable to the Bond Trustee and which opinion may be based upon a ruling or rulings of the Internal Revenue Service), to the effect that such refunding would not result in the loss of any exemption for the purposes of federal income taxation to which interest on such Series 2011 Bonds would otherwise be entitled.

The owner of this Series 2011 Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the Bonds (including this Series 2011 Bond) issued under the Bond Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Bond Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.

It is hereby certified that all conditions, acts, and things required to exist, happen and be performed under the Ordinance and under the Bond Indenture precedent to and in connection with the issuance of this Series 2011 Bond exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2011 Bond have been duly authorized by the duly adopted Ordinance of the City.

No recourse shall be had for the payment of the principal of or interest on any of the Series 2011 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture, against any past, present or future officer, director, member of the City Council, employee or agent of the City, or any incorporator, officer, director, member of the City Council, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the City or any successor corporation or body politic,

under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, trustees, members of the City Council, employees or agents, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Bond Indenture and the issuance of any of the Series 2011 Bonds.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the certificate of authentication hereon shall have been duly executed by the Bond Trustee.

IN WITNESS WHEREOF, as provided by the Ordinance, the CITY OF EVANSTON, ILLINOIS has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Mayor and by the manual signature of its City Clerk and its seal to be hereunto affixed, all as of the dated date specified above.

CITY OF EVANSTON, ILLINOIS

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

[FORM OF BOND TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This Series 2011 Bond is one of the Series 2011 Bonds described in the within-mentioned Bond Trust Indenture.

WELLS FARGO BANK, N.A.,
as Bond Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

[FORM OF ASSIGNMENT OF BOND]

The following abbreviations, when used in the inscription on the face of the within Bonds, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	– as tenants in common	Unif Trans Min Act—	
TEN ENT	– as tenants by the entireties	Custodian	_____
JT TEN	– as joint tenants with right of survivorship and not as tenants in common	(Cust)	(Minor)

under Uniform Transfers to Minor Act

(State)

Additional abbreviations may also be used though not in list above.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

attorney, to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

IN WITNESS WHEREOF, the CITY OF EVANSTON, ILLINOIS has caused these presents to be signed in its name and on its behalf by its Mayor and WELLS FARGO BANK, N.A., as Bond Trustee, to evidence its acceptance of the trusts hereby created, has caused these presents to be signed in its name and on its behalf by one of its duly authorized officers, and its official seal to be hereunto affixed, and the same to be attested by one of its duly authorized officers, all as of the day and year first above written.

CITY OF EVANSTON, ILLINOIS

By: Elizabeth Tisdahl
Mayor

WELLS FARGO BANK, N.A.,
as Bond Trustee

By: _____
Authorized Officer

(SEAL)

ATTEST:

By: _____
Authorized Officer

IN WITNESS WHEREOF, the CITY OF EVANSTON, ILLINOIS has caused these presents to be signed in its name and on its behalf by its Mayor and WELLS FARGO BANK, N.A., as Bond Trustee, to evidence its acceptance of the trusts hereby created, has caused these presents to be signed in its name and on its behalf by one of its duly authorized officers, and its official seal to be hereunto affixed, and the same to be attested by one of its duly authorized officers, all as of the day and year first above written.

CITY OF EVANSTON, ILLINOIS

By: _____
Mayor

WELLS FARGO BANK, N.A.,
as Bond Trustee

By: 
Authorized Officer

(SEAL)

ATTEST:

By: 
Authorized Officer

EXHIBIT A

(Form of Series 2011 Registered Bond)

UNITED STATES OF AMERICA
STATE OF ILLINOIS
CITY OF EVANSTON
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

No. R- _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	July 1, _____	Date of Initial Issuance	_____

PRINCIPAL SUM: _____

REGISTERED OWNER: Cede & Co.

Certain words not defined herein shall have the meanings assigned to them in the hereinafter-described Bond Indenture.

The CITY OF EVANSTON, ILLINOIS (the "City"), a municipality and home rule unit of the State of Illinois, for value received, hereby promises to pay in lawful money of the United States of America to the registered owner specified above or registered assigns, on the maturity date identified above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Series 2011 Note (hereinafter referred to) and amounts payable under the Loan Agreement (hereinafter referred to), which payments are pledged and assigned for the payment hereof pursuant to the Bond Indenture hereinafter mentioned and not otherwise, upon surrender hereof, the principal sum set forth above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount, payable solely from said Series 2011 Note payments and amounts payable under the Loan Agreement, from the date of this Bond or from the most recent Interest Payment Date (as defined below) to which interest has been paid at the interest rate per annum set forth above on January 1 and July 1 of each year (an "Interest Payment Date") commencing January 1, 2012, until payment of such principal amount or provision therefor shall have been made upon redemption or at maturity. The principal of this Bond is payable upon presentment at the designated corporate trust office of Wells Fargo Bank, N.A., as bond trustee (the "Bond Trustee") in Chicago, Illinois (or such other office as the Bond Trustee shall designate in a notice to the owners of the Series 2011 Bonds), or of any alternate Paying Agent (as defined in the Bond Indenture), if any, named in such Bonds or to the registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of immediately available funds sent on the principal payment date in accordance with the provisions of the Bond Indenture.

THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY, SECURED AS AFORESAID AND PAYABLE SOLELY OUT OF THE REVENUES AND INCOME DERIVED FROM THE LOAN AGREEMENT AND THE SERIES 2011 NOTE AND AS OTHERWISE PROVIDED IN THE ORDINANCE, INDENTURE AND THE LOAN AGREEMENT. THIS BOND AND THE OBLIGATION TO PAY PRINCIPAL OR PREMIUM, IF ANY, WITH RESPECT HERETO, AND INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM. NO OWNER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER, IF ANY, OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

Except as otherwise provided in the Bond Indenture with respect to Defaulted Interest (as defined therein), payment of interest hereon shall be made to the registered owner hereof as shown on the registration books of the City (the "*Bond Register*") at the close of business on the 1st of January and the 1st of July (whether or not a Business Day) next preceding an Interest Payment Date (the "*Record Date*") and shall be paid (i) by check or draft mailed on the Interest Payment Date to such registered owner at such person's address as it appears on the Bond Register or at such other address as may be furnished in writing by such registered owner to the Bond Trustee prior to the applicable Record Date or (ii) to the registered owner of \$500,000 or more in aggregate principal amount of Series 2011 Bonds who so elects by wire transfer of immediately available funds sent on the Interest Payment Date in accordance with the provisions of the Bond Indenture.

This Bond is one of an authorized series of Bonds issued under the hereinafter described Bond Indenture in the aggregate principal amount of \$13,590,000 (the "*Series 2011 Bonds*"). The Series 2011 Bonds are being issued for the purpose of loaning funds to Roycemore School (the "*Corporation*"), an Illinois not for profit corporation, which will be used together with certain other moneys, to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "*Campus*") with an existing three level, 66,000 square foot building (the "*Facility*" and together with the Campus, the "*School Facility*"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (collectively, the "*Project*"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "*Financing Purposes*"), all as permitted by the Ordinance.

The City will loan the proceeds of the Series 2011 Bonds to the Corporation pursuant to the Loan Agreement dated as of July 1, 2011 between the City and the Corporation (the "*Loan Agreement*"). The terms of the Loan Agreement will require payments by the Corporation which, together with other moneys available therefor, will be sufficient to provide

for the payment of the principal of and interest on the Series 2011 Bonds. The Series 2011 Bonds are secured by the Promissory Note, Series 2011 (the "*Series 2011 Note*") in the principal amount of \$13,590,000 to be issued pursuant to the Loan Agreement.

The Series 2011 Bonds are all issued under and equally and ratably secured by and entitled to the security of a Bond Trust Indenture dated as of July 1, 2011 (the "*Bond Indenture*"), duly executed and delivered by the City to the Bond Trustee, pursuant to which Bond Indenture the Series 2011 Note is pledged and assigned and all the right, title and interest of the City in and to the Loan Agreement (excluding Unassigned Rights, as defined in the Bond Indenture) are assigned by the City to the Bond Trustee as security for the Series 2011 Bonds. In addition, all or any portion of the Series 2011 Bonds may be advance refunded through a deposit in escrow for the benefit of such Bonds of cash and/or noncallable Government Obligations (as defined in the Bond Indenture). Reference is made to the Bond Indenture, to all indentures supplemental thereto, to the Loan Agreement, to all amendments thereto, for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Bond Trustee, the rights of the owners of the Series 2011 Bonds, and to all provisions of which the owner by the acceptance of this Series 2011 Bond assents.

This Series 2011 Bond and the other Series 2011 Bonds, and the interest payable hereon and thereon, do not now and shall never constitute an indebtedness or an obligation of the City, the State of Illinois (the "*State*") or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Series 2011 Note pledged under the Bond Indenture (except as stated aforesaid). No owner of the Series 2011 Bonds shall have the right to compel the exercise of the taxing power, if any, of the City, the State or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2011 Bonds.

This Series 2011 Bond and the other Series 2011 Bonds, and the interest payable hereon and thereon, are limited obligations of the City and are payable solely from payments or prepayments to be made under the Loan Agreement and on the Series 2011 Note which are pledged and assigned for the payment of the Series 2011 Bonds in accordance with the Bond Indenture and from moneys and investments held by the Bond Trustee under the Bond Indenture and in certain circumstances from proceeds of insurance and condemnation awards or sales made under threat of condemnation.

This Series 2011 Bond is registered on the Bond Register and may be transferred by the registered owner hereof at the written request of such registered owner in person or by such person's attorney duly authorized in writing at the designated corporate trust office of the Bond Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Indenture and upon surrender and cancellation of this Series 2011 Bond. Upon such transfer a new registered Series 2011 Bond or Bonds without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The City, the Bond Trustee and any paying agent may deem and treat the person in whose name this Series 2011 Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal

and interest due hereon and for all other purposes and neither the City, the Bond Trustee nor any paying agent shall be affected by any notice to the contrary. The Bond Trustee shall not be required to register the transfer or exchange of any registered Series 2011 Bond during the period of 15 days next preceding any Interest Payment Date with respect to such Bond, nor to transfer or exchange any Bond after the mailing of notice calling such Series 2011 Bond for redemption has been made, nor during a period of 15 days next preceding the mailing of notice of redemption of any Series 2011 Bonds of the same maturity.

The Series 2011 Bonds are initially issuable only as registered Bonds without coupons in denominations of \$5,000 and integral multiples thereof ("*Authorized Denominations*"). Subject to the limitations and upon payment of the charges provided in the Bond Indenture, Series 2011 Bonds in authorized denominations may be exchanged for a like aggregate principal amount of registered Series 2011 Bonds of other authorized denominations of the same maturity.

The Series 2011 Bonds are also redeemable prior to maturity (i) in the event of damage to or destruction of, or the condemnation of, or sale consummated under threat of condemnation of, the Project or any part thereof, if the Net Proceeds of insurance, condemnation or sale received in connection therewith and applied to make prepayments on the Series 2011 Note exceeds \$250,000; or (ii) in the event the Corporation shall exercise its option to prepay the Series 2011 Note in an amount sufficient to redeem all or a portion of the Series 2011 Bonds then outstanding. If called for redemption in the events referred to in (i) above, the Series 2011 Bonds shall be subject to redemption by the City at any time, in whole or in part, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a maturity is being redeemed, in such random manner as the Bond Trustee shall deem appropriate), without premium, as provided in the Bond Indenture. If called for redemption in the event referred to in (ii) above, Series 2011 Bonds shall be subject to redemption, in whole or in part, at the times and in the manner and with the same premium set forth below as if such Series 2011 Bonds were being redeemed at the option of the City.

Outstanding Series 2011 Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity on or after July 1, 2021 at the option of the City upon direction of the Corporation out of amounts prepaid on the Series 2011 Note and deposited in the Optional Redemption Fund, in whole or in part at any time, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a single maturity is being redeemed, in such manner as the Bond Trustee shall deem appropriate), at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

In lieu of redeeming Series 2011 Bonds, the Bond Trustee may, at the request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2011 Bonds to purchase Series 2011 Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2011 Bonds are also subject to mandatory tender and purchase as described in the Bond Indenture.

No optional or extraordinary redemption of less than all of the Series 2011 Bonds at the time outstanding other than in accordance with the Bond Indenture, shall be made unless

the total amount of funds available and to be used for such partial redemption is equal to or greater than \$100,000 and is an Authorized Denomination. If less than all of a single maturity of Series 2011 Bonds is to be redeemed, such Bonds shall be randomly selected utilizing such method as may be designated by the Bond Trustee. In the case of any optional or extraordinary redemption or any purchase and cancellation of the Series 2011 Bonds, the City shall receive credit against its required Bond Sinking Fund deposits with respect to such Series 2011 Bonds of such serial maturity.

In the event any of the Series 2011 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2011 Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the redemption date to the registered owner of each Series 2011 Bond to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect in such notice or mailing as to any Series 2011 Bond, shall not affect the validity of any proceedings for redemption as to any Series 2011 Bond as to which notice has been properly given. All Series 2011 Bonds so called for redemption will cease to bear interest on the specified redemption date, provided that notice of redemption has been given and funds for their redemption are on deposit with the Bond Trustee, and shall no longer be protected by the Bond Indenture and shall not be deemed to be outstanding under the provisions of the Bond Indenture.

The Series 2011 Bonds are also subject to advance defeasance of the Bond Indenture by depositing with the Bond Trustee noncallable Government Obligations (as defined in the Bond Indenture) in such amount, together with income or increment to accrue thereon, but without consideration of any reinvestment thereof, and any uninvested cash, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding under the Bond Indenture at or before their respective maturity dates. The Series 2011 Bonds are also subject to advance defeasance of the Bond Indenture by depositing with the Bond Trustee moneys in an amount sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding under the Bond Indenture at or before their respective maturity dates, provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Series 2011 Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such moneys may be used for any other purpose under the Act. Upon such payment or provision therefor, together with all other payments required under the Bond Indenture, the Bond Indenture may be discharged by the Bond Trustee in accordance with the provisions thereof, but the City shall remain the obligor on all Series 2011 Bonds although the owners thereof and the owner hereof shall be entitled to payment solely out of such cash and/or funds received from such Government Obligations deposited with the Bond Trustee.

The City may also pay or provide for the payment of any portion of the Series 2011 Bonds by: (a) depositing with the Bond Trustee noncallable Government Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, and any uninvested cash, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or

before their respective maturity dates; or (b) depositing with the Bond Trustee moneys in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any portion of the Series 2011 Bonds at or before their respective maturity dates, provided that such moneys, if invested, shall be invested in noncallable Government Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on any such portion of the Series 2011 Bonds at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purchase under the Act. Upon such deposit, such Bonds of such series or any such portion thereof shall cease to be entitled to any lien, benefit or security under the Bond Indenture. The City shall remain the obligor on such portion of the Series 2011 Bonds but the holders thereof shall be entitled to payment (to the exclusion of all other Bondholders) solely out of funds received from such Government Obligations and/or cash deposited with the Bond Trustee. The foregoing notwithstanding, none of the Series 2011 Bonds may be refunded nor may the Bond Indenture be discharged if under any circumstances such refunding would result in the loss of any exemption for the purposes of federal income taxation to which interest on the Series 2011 Bonds would otherwise be entitled. The Bond Indenture requires that the Bond Trustee receive an opinion of nationally recognized municipal bond counsel (which bond counsel and opinion, including without limitation the scope, form, substance and other aspects thereof are acceptable to the Bond Trustee and which opinion may be based upon a ruling or rulings of the Internal Revenue Service), to the effect that such refunding would not result in the loss of any exemption for the purposes of federal income taxation to which interest on such Series 2011 Bonds would otherwise be entitled.

The owner of this Series 2011 Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the Bonds (including this Series 2011 Bond) issued under the Bond Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Bond Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.

It is hereby certified that all conditions, acts, and things required to exist, happen and be performed under the Ordinance and under the Bond Indenture precedent to and in connection with the issuance of this Series 2011 Bond exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2011 Bond have been duly authorized by the duly adopted Ordinance of the City.

No recourse shall be had for the payment of the principal of or interest on any of the Series 2011 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture, against any past, present or future officer, director, member of the City Council, employee or agent of the City, or any incorporator, officer, director, member of the City Council, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the City or any successor corporation or body politic,

under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, trustees, members of the City Council, employees or agents, as such, is hereby expressly waived and released as a condition of and in consideration for the execution of the Bond Indenture and the issuance of any of the Series 2011 Bonds.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the certificate of authentication hereon shall have been duly executed by the Bond Trustee.

IN WITNESS WHEREOF, as provided by the Ordinance, the CITY OF EVANSTON, ILLINOIS has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Mayor and by the manual signature of its City Clerk and its seal to be hereunto affixed, all as of the dated date specified above.

CITY OF EVANSTON, ILLINOIS

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

[FORM OF BOND TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This Series 2011 Bond is one of the Series 2011 Bonds described in the within-mentioned Bond Trust Indenture.

WELLS FARGO BANK, N.A.,
as Bond Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

[FORM OF ASSIGNMENT OF BOND]

The following abbreviations, when used in the inscription on the face of the within Bonds, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common	Unif Trans Min Act—
TEN ENT – as tenants by the entireties	Custodian _____
JT TEN – as joint tenants with right of survivorship and not as tenants in common	(Cust) _____ (Minor)

under Uniform Transfers to Minor Act

_____ (State)

Additional abbreviations may also be used though not in list above.

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

attorney, to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Appendix C

The Loan Agreement

[Follows on the Next Page]

LOAN AGREEMENT

Dated as of July 1, 2011

By and Between

ROYCEMORE SCHOOL

and

CITY OF EVANSTON, ILLINOIS

The rights of the City of Evanston, Illinois hereunder (except for Unassigned Rights) have been assigned to Wells Fargo Bank, N.A., as Bond Trustee under a Bond Trust Indenture dated as of July 1, 2011 between the City of Evanston, Illinois and the Bond Trustee.

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(This Table of Contents is not a part of this
Loan Agreement and is only for convenience of reference)

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- Exhibit A – Costs of the Project
- Exhibit B – Promissory Note
- Exhibit C – Requisition Certificate – Project Fund
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- Exhibit E – Requisition Certificate – Operating Reserve Fund
- Exhibit F – Requisition Certificate – Repair and Replacement Fund
- Exhibit G – Completion Certificate
- Exhibit H – Operating Reserve Fund Release Requirements
- Exhibit I – Operating Reserve Fund Release Certificate

LOAN AGREEMENT

This is a LOAN AGREEMENT dated as of July 1, 2011 (this "*Loan Agreement*"), between Roycemore School, an Illinois not for profit corporation (the "*Corporation*"), and the City of Evanston, Illinois, a municipality and home rule unit of the State of Illinois (the "*City*"), pursuant to the provisions of Section 6(e) of Article VII of the 1970 Constitution of the State of Illinois (the "*Illinois Constitution*"), and Ordinance No. 60-O-11 adopted by the City on July 11, 2011 (the "*Ordinance*").

PRELIMINARY STATEMENT

Reference is hereby made to the Bond Trust Indenture (the "*Bond Indenture*") dated as of July 1, 2011, between the City and Wells Fargo Bank, N.A., a national banking association, as bond trustee (the "*Bond Trustee*"), relating to the Series 2011 Bonds (as defined below), for definitions of various terms used herein.

The Corporation desires to obtain moneys which will be used to provide the Corporation with a portion of the funds necessary to finance and refinance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "*Campus*") with an existing three level, 66,000 square foot building (the "*Facility*" and together with the Campus, the "*School Facility*"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (together with clause (ii), the "*Project*"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "*Financing Purposes*").

The proceeds of the Series 2011 Bonds will be loaned by the City to the Corporation pursuant to this Loan Agreement. In order to provide security for the repayment of the Series 2011 Bonds, the Corporation is concurrently with the delivery hereof issuing to the City, (i) its Promissory Note, Series 2011 (the "*Series 2011 Note*") in the principal amount of \$13,590,000, issued under and pursuant to this Loan Agreement, in the form attached hereto as *Exhibit B*; (ii) a Mortgage, Security Agreement and Assignment of Rents between the Corporation, as mortgagor, and the Bond Trustee as mortgagee (the "*Mortgage*"); and (iii) its assignments of (i) the right to payment in the amount of five hundred thousand dollars (\$500,000) from Northwestern University pursuant to the Purchase and Sale Agreement between the Corporation and NU dated December 23, 2010 (the "*NU Payment*") (ii) all construction contracts, insurance contracts as well as (iii) all permits, operating licenses, leases and agreements related to the Project which may be assigned under Illinois law to the Bond Trustee (the "*Assignments*").

Pursuant to the authority of the City granted under the Illinois Constitution and the Ordinance, the City is obtaining funds for such loan to the Corporation through the issuance and sale of its Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project) in the aggregate principal amount of \$13,590,000 (the "*Series 2011 Bonds*"), which will be issued under and secured by the Bond Indenture. Pursuant to the Bond Indenture, the City will pledge and assign the Series 2011 Note and assign its rights under this Loan Agreement (excluding Unassigned Rights) as security for the Series 2011 Bonds. The Series 2011 Bonds will be

payable out of the payments to be made by the Corporation on the Series 2011 Note and other payments provided for in this Loan Agreement.

In consideration of the premises, the respective representations and agreements contained herein, the acceptance of the Series 2011 Note by the City to evidence said loan to the Corporation, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest payable on the Series 2011 Note and the performance of all the covenants of the Corporation contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

The terms used in this Loan Agreement, unless the context requires otherwise, shall have the same meanings as set forth in the Bond Indenture. All accounting terms not otherwise defined in the Bond Indenture, or herein shall have the meanings assigned to them in accordance with generally accepted accounting principles.

All references in this instrument to designated "*Articles*," "*Sections*" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "*herein*," "*hereof*" and "*hereunder*" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

ARTICLE II

Representations

Section 2.1. Representations by the City. The City represents and warrants that:

(a) The City is a municipal corporation and home rule unit of local government under the laws of the State of Illinois, is authorized pursuant to the Ordinance to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder, and has been duly authorized to execute and deliver this Loan Agreement, the Tax Compliance Agreement, the Bond Indenture, and the Series 2011 Bonds.

(b) It is the City's understanding, based upon certain representations of the Corporation, that the issuance and sale of the Series 2011 Bonds and the loaning of the proceeds of the Series 2011 Bonds to the Corporation (which proceeds, along with certain other moneys, will be applied for the benefit of the Corporation) is to provide a portion of the moneys required for the Financing Purposes.

(c) To provide funds to loan to the Corporation for the Financing Purposes, the City has authorized its Series 2011 Bonds in the aggregate principal amount of \$13,590,000, to be issued upon the terms set forth in the Bond Indenture, under the provisions of which the City's interest in this Loan Agreement and the payments of principal, interest and other revenues hereunder (other than Unassigned Rights), and under the Series 2011 Note is pledged and assigned to the Bond Trustee as security for the payment of the principal of, premium, if any, and interest on the Series 2011 Bonds. The City covenants that it has not and will not pledge or assign its interest in this Loan Agreement, or the revenues and receipts derived pursuant to this Loan Agreement, excepting the Unassigned Rights, other than to the Bond Trustee to secure the Series 2011 Bonds.

(d) Neither the City's execution of this Loan Agreement, the Tax Compliance Agreement, the Bond Indenture and the Series 2011 Bonds, its consummation of the transaction contemplated on its part thereby, nor the City's fulfillment or compliance with the terms and conditions thereof conflicts with or results in a breach of the terms, conditions and provisions of any material restriction, agreement or instrument to which the City is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

(e) The City covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Loan Agreement, the Bond Indenture, and in any and every Series 2011 Bond executed and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that except for the matters set forth in any documents hereof relating to payment of the Series 2011 Bonds, the City shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Corporation, or shall have received the instrument to be executed and at the option of the City shall have received from the party requesting such action or execution assurance satisfactory to the City that the City shall be reimbursed for its reasonable expenses, including legal counsel fees, incurred or to be incurred in connection with taking such action or executing such instrument. The City covenants that it is duly authorized under the Illinois Constitution and the laws of the State of Illinois, including particularly the Ordinance to issue the Series 2011 Bonds authorized hereby and to execute this Loan Agreement, to grant the security interest herein provided, to assign and pledge this Loan Agreement (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Series 2011 Bonds and the execution and delivery of this Loan Agreement has been duly and effectively taken, and that the Series 2011 Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the City according to the terms thereof and hereof. Anything contained in this Loan Agreement to the contrary notwithstanding, it is hereby understood that none of the covenants of the City contained in this Loan Agreement are intended to create a general or primary obligation of the City.

Section 2.2. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties as the basis for its covenants herein:

(a) The Corporation is a not for profit corporation duly incorporated under the laws of the State of Illinois, is in good standing and duly authorized to conduct its business in the State of Illinois and all other applicable provisions of law and its articles of incorporation and bylaws to create, issue, enter into, execute and deliver, as the case may be, the Series 2011 Note, the Private Placement Memorandum, the Tax Compliance Agreement, the Bond Placement Agreement, the Mortgage, the Assignments and this Loan Agreement and all other documents executed and delivered in connection with the issuance of the Series 2011 Bonds (collectively, the "*Corporation Agreements*"), and all action on its part necessary for the valid execution and delivery of the Corporation Agreements has been duly and effectively taken.

(b) The Project is comprised of (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "*Campus*") with an existing three level, 66,000 square foot building (the "*Facility*" and together with the Campus, the "*School Facility*"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (together with clause (ii), the "*Project*"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "*Financing Purposes*").

(c) No portion of the Bond Financed Property includes any property used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship or any property which is used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(d) The execution and delivery of the Corporation Agreements on the Corporation's part have been duly authorized by all necessary corporate action, and neither the Corporation's execution and delivery of the Corporation Agreements, the Corporation's consummation of the transactions contemplated on its part thereby, nor the Corporation's fulfillment of or compliance with the terms and conditions thereof, conflicts with or results in a material breach of the Articles of Incorporation or By-Laws of the Corporation or any material agreement or instrument to which the Corporation is now a party or by which it is bound (except for any such breaches for which the Corporation has obtained a waiver or a required consent), or constitutes a material default (or would constitute a material default with due notice or the passage of time or both) under any of the foregoing.

(e) No litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of the Corporation Agreements or which would in any manner challenge or adversely affect the corporate existence or powers of the Corporation to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Corporation of the Corporation Agreements or its status as a Tax-Exempt Organization. In addition, except as described in the Private Placement Memorandum, no litigation,

proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation.

(f) The Corporation is a Tax-Exempt Organization; the Corporation has received a determination letter from the Internal Revenue Service to the foregoing effect which letter is still in full force and effect, and the Corporation has not declared and has not been determined to have any "unrelated business taxable income" as defined in Section 512 of the Code, in an amount which could have a material adverse effect on the Corporation's status as a Tax-Exempt Organization, or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise of the Corporation.

(g) The audited financial statements of operations and changes in net assets and cash flows of the Corporation for the fiscal year ended June 30, 2010 all included in the Private Placement Memorandum, correctly and fairly present the financial condition of the Corporation as of said dates, and the results of the operations of the Corporation for each of such periods, respectively, and were prepared in accordance with generally accepted accounting principles consistently applied except as stated in the notes to the above mentioned financial statements, correctly and fairly present the results of the operations of the Corporation for each of such periods, all in accordance with generally accepted accounting principles consistently applied, and there has been no material adverse change in the condition, financial or otherwise, of the Corporation since the date of the above mentioned financial statements, except as disclosed in the Private Placement Memorandum.

(h) The information used in the preparation of the financial statements referred to in paragraph (g) above, this Loan Agreement, the Tax Compliance Agreement, and any other written statement furnished by the Corporation to the City (including the descriptions and information contained in the Private Placement Memorandum relating to (i) the Corporation and the Bond Financed Property, (ii) the operations and financial and other affairs of the Corporation, (iii) the application by the Corporation of the proceeds to be received by it from the loan of the proceeds of sale of the Series 2011 Bonds, and (iv) the participation by the Corporation in the transactions contemplated herein and in the Private Placement Memorandum, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which the Corporation has not disclosed to the City in writing which materially adversely affects or, so far as the Corporation can now reasonably foresee, will materially adversely affect the financial condition of the Corporation, the tax-exempt status of the Corporation, the ability of the Corporation to own and operate the Bond Financed Property or the Corporation's ability to make payments on the Series 2011 Note and under this Loan Agreement when and as the same become due and payable.

(i) The Corporation has paid or caused to be paid to the proper authorities when due all federal, state and local taxes required to be withheld by it. The Corporation has filed all federal, state and local tax returns which are required to be filed, and the Corporation has paid or caused to be paid to the respective taxing authorities all taxes as

shown on said returns or on any assessment received by it to the extent such taxes have become due.

(j) Corporation reasonably expects that it will not take any deliberate action within the meaning of Treas. Reg. §1.141-2(d).

(k) No person who owns a controlling interest in or otherwise controls Corporation is or shall be (i) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control (“OFAC”), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, or (ii) a person designated under Sections 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders. The Corporation is and will remain in compliance with all applicable provisions of the Bank Secrecy Act (“BSA”) and laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations.

(l) Compliance by the Corporation with the provisions of the Corporation Agreements will not involve, to the extent applicable, any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended (herein sometimes referred to as “ERISA”), or Section 4975 of the Code. No “employee pension benefit plans”, that are subject to Title IV of ERISA (herein sometimes referred to as “Plans”), maintained by the Corporation, nor any trust created thereunder, have incurred any “accumulated funding deficiency” as defined in Section 302 of ERISA, to the extent applicable and the present value of all benefits vested under all Plans, if any, did not exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits.

(m) The Corporation has any and all necessary licenses and permits to acquire, occupy and operate its existing facilities and has obtained, will obtain or will cause to be obtained all necessary licenses and permits to acquire, occupy and operate the Bond Financed Property, as they become required.

(n) The representations and certifications contained in the Tax Compliance Agreement are true and correct, and are incorporated by reference herein.

(o) No amounts shall be withdrawn from the Project Fund except to pay any costs of the Project or except as otherwise permitted in Article V.

ARTICLE III

Investment of Funds

The Corporation covenants and agrees that moneys on deposit in any Funds under the Bond Indenture (excluding the Rebate Fund) shall at all times be invested by the Bond Trustee in Qualified Investments and that the Corporation will take all actions necessary to assure that such moneys are continuously invested in accordance with the provisions of the Bond

Indenture and the Tax Compliance Agreement. The Corporation further covenants and agrees that it will not take any action or fail to take any action, including without limitation any action with respect to the investment of the proceeds of any Series 2011 Bonds (regardless of the source or whether or not held under the Bond Indenture), with respect to any other moneys or securities deposited with the Bond Trustee pursuant to the Bond Indenture, with respect to the payments derived from the Series 2011 Note pledged under the Bond Indenture or the Loan Agreement, with respect to the purchase of other City obligations or with respect to any actions or payments required under the Tax Compliance Agreement which may result in constituting the Series 2011 Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The Corporation covenants that neither it nor any related person, as defined in Sections 144(a)(3) and 147(a) of the Code, shall, pursuant to an arrangement, formal or informal, purchase obligations of the City in an amount related to the amount of the Series 2011 Note delivered in connection with the transaction contemplated hereby.

ARTICLE IV

No Security Interest In Bond Financed Property

The City shall have no rights to or any interest in the Bond Financed Property, which shall be the sole and exclusive property of the Corporation. However, the Corporation agrees that, subject to reasonable security and safety regulations, the City and the Bond Trustee shall have the right at all reasonable times to enter upon the site of the Bond Financed Property in order to determine that it conforms with the requirements of this Loan Agreement. The foregoing shall not preclude the City from enforcing any and all Unassigned Rights.

ARTICLE V

Acquisition of the Project

Section 5.1. Disbursements from the Project Fund, Expense Fund, Operating Reserve Fund and Repair and Replacement Fund.

(a) Project Fund. No payments shall be made with respect to the Project unless there shall be delivered to the Bond Trustee a monthly Construction Monitor Report signed by the Construction Monitor (as defined herein), and the Requisition Certificate – Project Fund (the "*Requisition Certificate*") substantially in the form of *Exhibit C* attached hereto signed by an Authorized Corporation Representative. Each Requisition Certificate shall be accompanied by copies of invoices or other appropriate documentation as provided in the Requisition Certificate and satisfactory to the Bond Trustee, supporting the payments or reimbursements requested, lien waivers, a date-down endorsement to the Bond Trustee's title insurance policy showing no new matters of record, and by a brief description of the portion of the Project acquired, installed or improved. The Bond Trustee shall rely fully on any such Requisition Certificate and monthly Construction Monitor Report delivered pursuant to this subsection and shall not be required to make any investigation in connection therewith. Each disbursement from the Project Fund shall be funded to the general contractor, or as provided by

the Requisition Certificate if the Corporation elects to use a title company to administer disbursements, to the title company or as provided by the Requisition Certificate.

(b) Expense Fund. No payments shall be made with respect to expenses unless there shall be delivered to the Bond Trustee an Expense Requisition Certificate substantially in the form of *Exhibit D* attached hereto signed by an Authorized Corporation Representative. Each Expense Requisition Certificate shall be accompanied by copies of invoices or other appropriate documentation satisfactory to the Bond Trustee, supporting the payments or reimbursements requested. The Bond Trustee shall rely fully on any such Expense Requisition Certificate delivered pursuant to this subsection and shall not be required to make any investigation in connection therewith.

(c) Operating Reserve Fund. Up to fifty percent (50%) of the monies in the Operating Reserve Fund may be disbursed for working capital expenses provided however, that no payments shall be made with respect to expenses for working capital without Majority of Bondholder approval, which may be withheld in their sole discretion. The Bond Trustee shall obtain consent of the Majority of Bondholders per the terms of Section 408 of the Bond Indenture. There shall be delivered to the Bond Trustee an Operating Reserve Fund Requisition Certificate substantially in the form of *Exhibit E* attached hereto signed by an Authorized Corporation Representative and the Majority of Bondholders. Each Operating Reserve Fund Requisition Certificate shall be accompanied by copies of invoices or other appropriate documentation satisfactory to the Bond Trustee, supporting the payments or reimbursements requested and the written consent of the Majority of Bondholders. The Bond Trustee shall rely fully on any such Operating Reserve Fund Requisition Certificate and written consent delivered pursuant to this subsection and shall not be required to make any investigation in connection therewith.

(d) Repair and Replacement Fund. No payments shall be made with respect to expenses for repairs and maintenance relating to the Project unless there shall be delivered to the Bond Trustee an Repair and Replacement Requisition Certificate substantially in the form of *Exhibit F* attached hereto signed by an Authorized Corporation Representative. Each Repair and Replacement Requisition Certificate shall be accompanied by copies of invoices or other appropriate documentation satisfactory to the Bond Trustee, supporting the payments or reimbursements requested. The Bond Trustee shall give ten days' notice to the Majority Bondholders and any other Bondholder requesting same, prior to disbursement of Repair and Replacement monies to the Corporation. The Bond Trustee shall rely fully on any such Repair and Replacement Requisition Certificate delivered pursuant to this subsection and shall not be required to make any investigation in connection therewith.

Section 5.2. Obligation of the Corporation to Complete the Project and to Pay Costs in Event Project Fund Insufficient. If requested, the Corporation shall make available to the City and the Bond Trustee such information concerning the Project as any of them may reasonably request. The Corporation may revise the Plans and Specifications; provided, that the expenditure of moneys for the Project as modified will not impair the exclusion of interest on the Series 2011 Bonds from gross income for federal income tax purposes, and that any modifications, revisions or substitutions which increase the guaranteed maximum price of the Construction Contract shall only be permitted if, prior to their becoming effective, the Corporation shall have furnished the Bond Trustee and the Construction Monitor

with evidence satisfactory to them that sufficient funds are available to cover said modifications, revisions, or substitutions.

In the event the money in the Project Fund available for payment of the costs of the Project shall not be sufficient to make such payment in full, the Corporation agrees to pay directly, or to deposit moneys in the Project Fund for the payment of, such costs of completing the Project as may be in excess of the moneys available therefor in the Project Fund. THE CITY DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS WHICH WILL BE DEPOSITED INTO THE PROJECT FUND, AND WHICH UNDER THE PROVISIONS OF THIS LOAN AGREEMENT WILL BE AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL OF THE COSTS WHICH WILL BE INCURRED IN CONNECTION THEREWITH. The Corporation agrees that if, after exhaustion of the moneys in the Project Fund, the Corporation should pay, or deposit moneys in the Project Fund for payment of, any portion of the costs of the Project pursuant to the provisions of this Section 5.2, it shall not be entitled to any reimbursement therefor from the City or the Bond Trustee, or from the owners of any of the Series 2011 Bonds, nor shall they be entitled to any diminution of the amounts payable hereunder.

Section 5.3. Investment of Project Fund, Revenue Fund, Operating Reserve Fund, Expense Fund, Interest Fund, Debt Service Reserve Fund, Bond Sinking Fund, the Repair and Replacement Fund and Optional Redemption Fund. Any moneys held in the Project Fund, Revenue Fund, Interest Fund, Debt Service Reserve Fund, Expense Fund, Bond Sinking Fund, Operating Reserve Fund, Repair and Replacement Fund and Optional Redemption Fund shall, pending disbursement and upon written request of the Corporation or facsimile request of the Corporation later confirmed in writing, be invested only in Qualified Investments in accordance with the provisions of Section 410 of the Bond Indenture, all at such maturities, rates of interest and other specifications as the Corporation may indicate in its request to the Bond Trustee provided, however, that while an event of default has occurred and in continuing, the Majority of Bondholders shall have the right to direct such investments. The investments shall mature not later than the respective dates estimated by the Corporation when the moneys in such Funds shall be needed for the purposes provided in this Loan Agreement and the Bond Indenture, but should the cash balance in a Fund be insufficient for such purpose, the Bond Trustee is authorized to sell the necessary portion of such investments to meet that purpose. Recognizing that such investments shall be made at the written direction of the Corporation, the Corporation covenants that it will restrict the use of the proceeds of the Series 2011 Bonds (and any other funds or moneys which may be deemed to be proceeds of the Series 2011 Bonds pursuant to Section 148(a) of the Code), in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the Series 2011 Bonds are issued, so that the Series 2011 Bonds will not constitute "arbitrage bonds" under Section 148(a) of the Code.

To the extent that there are moneys on deposit in the Project Fund, or the Operating Reserve Fund after the third anniversary of the Closing Date, the Corporation shall instruct the Bond Trustee to invest such proceeds in a manner permitted by Section 148 of the Code so that the yield on such investments will not exceed the yield on the Series 2011 Bonds or, in the opinion of Bond Counsel, will not impair the exclusion of interest on the Series 2011 Bonds from gross income for federal income tax purposes.

Section 5.4. Completion Date. Upon Completion of the Project, the Corporation shall file with the Bond Trustee a Completion Certificate in the form set forth as *Exhibit G* hereto. For purposes hereof, "Completion of the Project," shall also include satisfaction of the requirements set forth on *Exhibit J* attached hereto and incorporated herein. All Bond proceeds remaining in the Project Fund after the Completion Date (as set forth in the Completion Certificate) shall be transferred to the Revenue Fund to be applied by the Bond Trustee in the manner provided in the Bond Indenture. Notwithstanding the foregoing, Series 2011 Bond proceeds may be retained in the Project Fund longer than three (3) years after the Closing Date provided the Corporation delivers an Opinion of Bond Counsel to the City and the Bond Trustee to the effect that the retention of such Bond proceeds in the Project Fund will not adversely affect the exclusion of interest on the Series 2011 Bonds from gross income of the Bondholders for federal income tax purposes.

Section 5.5. Release of Operating Reserve Fund. The Operating Reserve Fund shall be released pursuant to the terms of the Bond Indenture anytime on or after September 1, 2015 and after the Project has achieved (i) the "Operating Reserve Fund Release Requirements" attached hereto and incorporated herein as *Exhibit H* and (ii) the Corporation has achieved two full fiscal years of operation after the project Completion Date. Upon satisfaction of the forgoing requirements, the Corporation shall submit to the Bond Trustee the Operating Reserve Fund Release Certificate in the form set forth as *Exhibit I* herein requesting that \$200,000 of funds in the Operating Reserve Fund to be deposited in the Repair and Replacement Fund held by the Bond Trustee and the balance of funds in the Operating Reserve Fund to be released to the Corporation.

ARTICLE VI

Issuance of Series 2011 Bonds of the City

Section 6.1. Proceeds of Series 2011 Bonds. The Corporation agrees that the proceeds of the Series 2011 Bonds being loaned to the Corporation as evidenced by the Series 2011 Note shall be deposited with the Bond Trustee and applied as provided in the Bond Indenture and the Tax Compliance Agreement.

Section 6.2. Payment of Series 2011 Bonds. The Corporation agrees that the principal of, the redemption premiums, if any, and the interest on the Series 2011 Bonds shall be made payable in accordance with the provisions of the Bond Indenture and this Loan Agreement and that this Loan Agreement and payments to be made hereunder and hereon (excluding Unassigned Rights), as well as the Series 2011 Note, the Mortgage and the Assignments, shall be assigned and pledged to the Bond Trustee to secure the payment of the Series 2011 Bonds. The foregoing notwithstanding, the Corporation agrees that the moneys and securities, if any, on deposit in the Rebate Fund are not part of the "trust estate" and are not available to make payments of principal and interest on the Series 2011 Bonds.

Section 6.3. Right of Bond Trustee to Enforce Loan Agreement and Series 2011 Note. The Corporation agrees that the Series 2011 Note, this Loan Agreement and all of the rights, interests, powers, privileges and benefits accruing to or vested in the City under the Series 2011 Note and this Loan Agreement (except Unassigned Rights), may be protected and

enforced in conformity with the Bond Indenture and may be thereby assigned by the City to the Bond Trustee as additional security for the Series 2011 Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of this Loan Agreement and the Bond Indenture.

ARTICLE VII

Note Payments; Fund Deposits; Prepayments and Other Payments

Section 7.1. Payment of Principal, Premium, if any, and Interest. The Corporation will duly and punctually pay the principal of, premium, if any, and interest on the Series 2011 Note at the dates and the places and in the manner mentioned in the Series 2011 Note and this Loan Agreement, according to the true intent and meaning thereof and hereof. Notwithstanding any schedule of payments upon the Series 2011 Note, the Corporation agrees to make payments upon the Series 2011 Note and be liable therefor at such times and in such amounts (including principal, interest and premium, if any) so as to provide for payment of the principal of, premium, if any, and interest on the Series 2011 Bonds outstanding under the Bond Indenture when due whether upon a scheduled Interest Payment Date, at maturity or by mandatory or optional redemption, acceleration or otherwise upon the Series 2011 Bonds. The Corporation also agrees to make any payments as required under the Tax Compliance Agreement.

Section 7.2. Payments in Respect of Series 2011 Note and Loan Agreement. The Corporation covenants and agrees to make the following payments and prepayments upon the Series 2011 Note or Loan Agreement, as the case may be, directly to the Bond Trustee for deposit, into the appropriate fund established by the Bond Indenture, on the following dates:

(a) *Interest:* On July 25, 2011 and on or before the fifteenth (15) day of each month commencing August 15, 2011 an amount which, together with an equal amount to be deposited on the last Business Day of each month preceding the next regularly scheduled semi-annual Interest Payment Date, is equal to not less than the interest to become due on the next succeeding regularly scheduled semi-annual Interest Payment Date of the Series 2011 Bonds; provided, however, that the Corporation may be entitled to certain credits on such payments as permitted under Section 7.3(a), (d) and (h) hereof.

(b) *Principal:* On or before the fifteenth (15) day of each month commencing July 15, 2014 and thereafter, an amount equal to not less than one twelfth (1/12) of the amount of principal becoming due on the Series 2011 Bonds on the next succeeding July 1 by maturity or mandatory bond sinking fund redemption; provided, however, that the Corporation may be entitled to certain credits on such payments as permitted under Section 7.3 hereof.

(c) *Debt Service Reserve Fund:* If at any time the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon, the Bond Trustee shall notify the Corporation of such transfer and the Corporation agrees to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the

Debt Service Reserve Fund Requirement by the deposit with the Bond Trustee of an amount equal to such deficiency in not more than two (2) substantially equal monthly installments beginning with the first day after the month in which such draw occurred. If on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of a decline in the market value of investments on deposit in the Debt Service Reserve Fund, the Corporation agrees to pay an amount equal to the amounts of the deficiency in the Debt Service Reserve Fund in order to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within not more than 60 days following the date of any valuation shortfall as measured per the Bond Indenture.

(d) *Operating Reserve Fund:* Immediately upon receipt (if payment is not made directly to the Bond Trustee), the Corporation shall pay to the Bond Trustee for deposit in the Operating Reserve Fund \$500,000 (Five Hundred Thousand Dollars) received from Northwestern University of Chicago pursuant to a Purchase and Sale Agreement dated December 23, 2010 by and between Roycemore School and Northwestern University. If the funds on deposit in the Operating Reserve Fund are reduced due to a withdrawal pursuant to the Section 408 of the Bond Indenture or Section 5.1(c) of this Loan Agreement, the Corporation agrees to restore the amount on deposit in the Operating Reserve Fund to \$500,000 by the deposit of 50% of the net Revenues of the Corporation after payment of operating expenses reflected in the then-current budget approved by the Corporation's Board and all other payments required by this Loan Agreement and the Bond Indenture until the earlier of the release of the Operating Reserve Fund pursuant to the terms of the Bond Indenture or until the funds on deposit in the Operating Reserve Fund equals \$500,000. During the period of time when such withdrawal is being replenished, the Corporation shall (a) submit monthly reports to the Bond Trustee and the Bondholders as described in Section 9.4(b)(v) of this Loan Agreement; (b) participate in monthly status calls with Bondholders; and (c) engage a consultant reasonably acceptable to the Bond Trustee and Majority of Bondholders pursuant to the terms of Section 409 of the Bond Indenture.

(e) *Repair and Replacement Fund:* Commencing on the first day of the month on the second anniversary following the Project Completion Date, the Corporation shall make monthly payments of \$8,333.30 until the amount on deposit in the Repair and Replacement Fund is equal to \$400,000. Notwithstanding the foregoing, the Repair and Replacement Fund shall be funded with \$200,000 upon the release of the Operating Reserve Fund, but such funding shall not postpone the Corporation's obligation to make monthly payments as required hereunder. In the event of any withdrawal from the Repair and Replacement Fund, the Corporation shall make payments on the last Business Day of each month at the aforementioned amounts until the amount on deposit in the Repair and Replacement Fund is replenished to \$400,000.

Section 7.3. Credits on Series 2011 Note. Notwithstanding any provision contained in this Loan Agreement or in the Bond Indenture to the contrary, in addition to any credits on the Series 2011 Note resulting from the payment or prepayment thereof from other sources:

(a) any moneys deposited or credited by the Bond Trustee or the Corporation in the Interest Fund maintained under the Bond Indenture shall be credited against the obligation of the Corporation to pay interest on the Series 2011 Note as the same becomes due;

(b) any moneys deposited or credited by the Bond Trustee or the Corporation in the Bond Sinking Fund maintained under the Bond Indenture shall be credited against the obligation of the Corporation to pay the principal of the Series 2011 Note as the same becomes due and in the order of maturity to the same extent as payments are applied upon the Series 2011 Bonds through the Bond Sinking Fund; and

(c) the principal amount of Series 2011 Bonds of any maturity purchased by the Corporation and delivered to the Bond Trustee, or purchased by the Bond Trustee and cancelled, shall be credited against the obligation of the Corporation to pay the principal of the Series 2011 Note in such order as the Corporation shall elect prior to such purchase or if no such election is made prior to such purchase in the inverse order thereof (including installment payments corresponding to mandatory sinking fund payments on such Bonds); provided, however, that deposit of a Series 2011 Bond of one maturity may not be credited against the Series 2011 Note which would be used, in the normal course, to retire a Series 2011 Bond of another maturity; and

(d) the amount of any moneys transferred by the Bond Trustee from the Debt Service Reserve Fund and deposited in the Interest Fund or the Bond Sinking Fund as herein provided shall be credited against the obligation of the Corporation to pay interest or principal on the Series 2011 Note pledged under the Bond Indenture as the same becomes due; and

(e) the amount of any moneys transferred by the Bond Trustee from the Operating Reserve Fund and deposited in the Interest Fund or the Bond Sinking Fund as herein provided shall be credited against the obligation of the Corporation to pay interest or principal on the Series 2011 Note pledged under the Bond Indenture as the same becomes due; and

(f) any moneys deposited or credited by the Bond Trustee or the Corporation in the Operating Reserve Fund maintained under the Bond Indenture shall be credited against the obligation of the Corporation to make payments related to the said Fund under the Series 2011 Note as the same becomes due; and

(g) any moneys deposited or credited by the Bond Trustee or the Corporation in the Repair and Replacement Fund maintained under the Bond Indenture shall be credited against the obligation of the Corporation to make payments related to the said Fund under the Series 2011 Note as the same becomes due; and

(h) any moneys transferred from the Capitalized Interest Account to the Interest Fund maintained under the Bond Indenture shall be credited against the obligation of the Corporation to pay interest on the Series 2011 Note pledged under the Bond Indenture as the same becomes due.

Section 7.4. Prepayment Generally. The Corporation shall be permitted to prepay the Series 2011 Note to the extent and in the manner permitted by the Bond Indenture. If such prepayment is made in compliance with the terms of this Loan Agreement, the City agrees to accept prepayment of the Series 2011 Note to the extent required to provide for a permitted prepayment of the Series 2011 Bonds. No other prepayment of the Series 2011 Note shall be permitted.

Section 7.5. Optional Prepayment from Net Proceeds of Insurance, Condemnation or Sale. The Corporation shall have the right to have the Series 2011 Note prepaid from the net proceeds of insurance, condemnation or sale under threat of condemnation by giving the City direction to apply such net proceeds in a notice of election given pursuant to the Bond Indenture. In such event the City shall apply all or that portion of such net proceeds to be so applied promptly to the prepayment of the Series 2011 Note, without premium, plus accrued and unpaid interest thereon to the date of prepayment.

Section 7.6. Optional Prepayment of Series 2011 Note. In addition to any prepayment of the Series 2011 Note made pursuant to Section 7.5 hereof, the Corporation may, at its option and subject to the limitations of the Bond Indenture, prepay the Series 2011 Note in whole or in part in order to effect a redemption of Series 2011 Bonds pursuant to Section 501 of the Bond Indenture (but if in part, in Authorized Denominations). Such prepayments shall be made by paying to the Bond Trustee an amount sufficient to redeem (when redeemable) all or a part of the Series 2011 Bonds, as the case may be, at the redemption prices specified therefor in the Bond Indenture. Any prepayment pursuant to this Section 7.6 shall include accrued interest and premium, if any, required for redemption of such Bonds as shall be redeemed by such prepayment.

Section 7.7. Notice of Prepayment. The Corporation shall give the City and the Bond Trustee not less than 45 days prior written notice of any prepayment of the Series 2011 Note, which notice shall designate the date of prepayment and the amount thereof and direct the redemption of the Series 2011 Bonds in amounts corresponding to the prepayment. Such notice may be withdrawn by the Corporation prior to delivery of the City's Written Request to the Bond Trustee pursuant to Section 501 of the Bond Indenture. The Corporation shall not be required to give notice to the City of any prepayments of the Series 2011 Note to be made pursuant to Section 7.5 hereof.

Section 7.8. Effect of Partial Prepayment; Amortization Schedules. (a) Upon any partial prepayment of the Series 2011 Note, each installment of interest which shall thereafter be payable on such obligation shall be reduced, taking into account the interest rate or rates on the Series 2011 Bonds remaining outstanding after the redemption of the Series 2011 Bonds from the proceeds of such partial prepayment and after the purchase and delivery and cancellation of the Series 2011 Bonds described in Section 7.3(c) so that the interest remaining payable on the Series 2011 Note shall be sufficient to pay the interest on such outstanding Series 2011 Bonds when due.

(b) On the date of any partial prepayment of the Series 2011 Note, the Corporation shall deliver to the City and the Bond Trustee two copies of an amortization schedule with respect to the Series 2011 Note then outstanding setting forth the amount of the

installments to be paid on the Series 2011 Note after the date of such partial prepayment and the unpaid principal balance of the Series 2011 Note after payment of each such installment.

Section 7.9. Additional Payments. The Corporation will pay a one time issuance fee to the City in the amount of thirteen thousand dollars (\$13,000). The Corporation shall pay the fee of City's counsel and City's financial advisor prior to or contemporaneously with the issuance of the Series 2011 Bonds.

The Corporation will also pay the following within 30 days after receipt of a bill therefor:

(a) The reasonable fees and expenses of the City in connection with and as provided in this Loan Agreement the Bond Indenture, and the Series 2011 Bonds, such fees and expenses to be paid directly to the City or as otherwise directed in writing by the City;

(b) (i) The fees and expenses of the Bond Trustee and all other fiduciaries and agents serving under the Bond Indenture (including any expenses in connection with any redemption of the Series 2011 Bonds), and (ii) all fees and expenses, including attorneys fees, of the Bond Trustee for any extraordinary services rendered by it under the Bond Indenture. All such fees and expenses are to be paid directly to the Bond Trustee or other fiduciary or agent for its own account as and when such fees and expenses become due and payable; and

(c) All other reasonable fees and expenses incurred in connection with the issuance of the Series 2011 Bonds including the Construction Monitor and the Educational Operations Consultant.

The Corporation will also pay to the City, upon demand, amounts payable to the owners of the Series 2011 Bonds with respect to which funds have been returned to the Corporation pursuant to Section 1302 of the Bond Indenture. The provisions of this paragraph shall survive the termination of this Loan Agreement.

Section 7.10. Assignment and Pledge of the City's Rights; Obligations of Corporation Unconditional. As security for the payment of the Series 2011 Bonds, the City will assign and pledge to the Bond Trustee all right, title and interest of the City in and to this Loan Agreement and the Series 2011 Note, including the right to receive payments hereunder and thereunder (except its Unassigned Rights), and hereby directs the Corporation to make said payments directly to the Bond Trustee. The Corporation herewith assents to such assignment and pledge and will make payments directly to the Bond Trustee without defense or set-off by reason of any dispute between the Corporation and the City or Bond Trustee, and hereby agrees that its obligation to make payments hereunder and to perform its other agreements contained herein are absolute and unconditional. Until the principal of and interest on the Series 2011 Bonds shall have been fully paid or provision for the payment of the Series 2011 Bonds made in accordance with the Bond Indenture, the Corporation (a) will not suspend or discontinue any payments provided for in this Loan Agreement, (b) will perform all its other duties and responsibilities called for by this Loan Agreement, and (c) will not terminate this Loan Agreement for any cause including any acts or circumstances that may constitute failure of

consideration, destruction of or damage to the Bond Financed Property, commercial frustration of purpose, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the City to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Loan Agreement.

Section 7.11. The Corporation's Obligations Unconditional. The City and the Corporation agree that the Corporation shall bear all risk of damage or destruction in whole or in part to the Bond Financed Property or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Bond Financed Property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of such Bond Financed Property or the compliance by the Corporation with any of the terms of this Loan Agreement. In furtherance of the foregoing, but without limiting any of the other provisions of this Loan Agreement, the Corporation agrees that its obligations to pay the principal, premium, if any, and interest on the Series 2011 Note, to pay the other sums herein provided for and to perform and observe its other agreements contained herein shall be absolute and unconditional and that the Corporation shall not be entitled to any abatement or diminution thereof nor to any termination of this Loan Agreement for any reason whatsoever.

ARTICLE VIII

Covenants Relating to the Use and Operation of the Bond Financed Property

Section 8.1. Inspection of the Bond Finance Property. The Corporation agrees that during the term of this Loan Agreement the City, the Bond Trustee, and their duly authorized agents (including without limitation, the Construction Monitor) shall have the right, but shall be under no duty or obligation to exercise this right, during regular business hours, with reasonable notice, to enter upon the premises and examine and inspect the Bond Financed Property, subject to such limitations, restrictions and requirements as the Corporation may reasonably prescribe.

Section 8.2. Rates and Charges. The Corporation covenants and agrees to operate its existing facilities primarily as revenue producing educational facilities or as facilities related thereto or for any other lawful purpose or activity, to charge such fees and rates for its facilities and services and to exercise such skill and diligence as to provide income from such educational facilities together with other available funds sufficient to pay promptly all expenses of operation, maintenance and repair of such educational facilities, all amounts owing on the Series 2011 Note and to pay all other payments required to be made by the Corporation hereunder to the extent permitted by law. The Corporation further covenants and agrees that it will, from time to time as often as necessary, to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

Section 8.3. No Warranty by the City. THE CORPORATION RECOGNIZES THAT THE CITY HAS NOT MADE AN INSPECTION OF THE BOND FINANCED PROPERTY OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A

PORTION THEREOF, AND THE CITY MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, CONDITION, WORKMANSHIP, OR FITNESS, SUITABILITY OR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF. THE CORPORATION FURTHER RECOGNIZES THAT THE CITY HAS NO TITLE OR INTEREST TO ANY PART OF THE BOND FINANCED PROPERTY AND THAT THE CITY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND AS TO THE CORPORATION'S TITLE THERETO OR OWNERSHIP THEREOF OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE CORPORATION. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE BOND FINANCED PROPERTY OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE CITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 8.3 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE CITY, EXPRESS OR IMPLIED, WITH RESPECT TO THE BOND FINANCED PROPERTY OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF ILLINOIS OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

Section 8.4. Compliance with Laws. The Corporation shall, through the term of this Loan Agreement and at no expense to the City, promptly comply or cause compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Bond Financed Property or to the repair and alteration thereof, or to the use or manner of use of the Bond Financed Property, including, but not limited to, the Americans with Disabilities Act, Illinois Accessibility Code, all Federal, State, City and local environmental, health and safety laws, rules, regulations and orders applicable to or pertaining to the Bond Financed Property, Federal Worker Adjustment and Retraining Notification Act and Illinois Prevailing Wage Act, to the extent applicable to the Corporation or the Bond Financed Property.

ARTICLE IX

Particular Covenants of the Corporation

Section 9.1. Maintenance of Corporate Existence and Status. Unless the Corporation complies with the following provisions of this Section 9.1, the Corporation agrees that as long as any Bonds are outstanding it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger shall be subject to the following conditions unless otherwise waived by the Bond Trustee:

(a) the Corporation provides a certificate to the City and the Bond Trustee, in form and substance satisfactory to such parties, to the effect that no event of default exists hereunder or under the Bond Indenture and that no event of default will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger if other than the Corporation assumes in writing and without condition or qualification the obligations of the Corporation under the Corporation Documents;

(c) the Corporation or the entity surviving the dissolution, liquidation, disposition, consolidation or merger, within ten (10) days after execution thereof, furnishes to the City and the Bond Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

(d) neither the validity nor the enforceability of the Series 2011 Bonds or the Bond Indenture or any other agreements for which the Corporation is a party is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(e) the dissolution, liquidation, disposition, consolidation or merger will not adversely affect any exemption from federal income taxation to which interest on the Series 2011 Bonds would otherwise be entitled;

(f) evidence that no rating on the Series 2011 Bonds, if the Series 2011 Bonds are then rated, is reduced or withdrawn as a result of the dissolution, liquidation, disposition, consolidation or merger;

(g) the Bond Financed Property continues to be as described herein;

(h) any successor to the Corporation shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term hereof;

(i) (1) neither the validity nor enforceability of the Corporation Documents will be adversely affected by the dissolution, liquidation, disposition, consolidation or merger and (2) the provisions of the Bond Indenture and the Corporation Agreements are complied with concerning the dissolution, liquidation, disposition, consolidation or merger; and

(j) the Bond Trustee has executed a certificate acknowledging receipt of all documents, information and materials required by this Section 9.1.

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Corporation (at its cost) shall furnish to the City and Bond Trustee (x) an opinion of Bond Counsel, in form and substance satisfactory to such parties, as to items (d) and (e) above, and (y) an opinion of Independent Counsel, in form and substance satisfactory to such parties, as to the legal, valid and binding nature of item (c) and (i) above.

The Corporation further agrees that it will not act or fail to act in any other manner which would adversely affect any exemption from federal income taxation of the interest

earned by the owners of the Series 2011 Bonds to which such Bonds would otherwise be entitled.

Notwithstanding any other provision of this Loan Agreement, the Bond Trustee may, at the request of the Corporation, waive any of the conditions under this Section 9.1 at the Bond Trustee's sole discretion, but only with the consent of or notice to the Majority Bondholders.

Section 9.2. Consent to Assignment of Loan Agreement Rights, Mortgage, Assignments and the Series 2011 Note to Bond Trustee. The Corporation agrees that this Loan Agreement, the Series 2011 Note, the Assignments, the Mortgage, and payments to be made thereunder and thereon (excluding Unassigned Rights), shall be assigned and pledged to secure the payment of the Series 2011 Bonds and all of the rights, interests, powers, privileges and benefits accruing to or vested in the City thereunder may be protected and enforced in conformity with the Bond Indenture and may be assigned by the City to the Bond Trustee as additional security for the Series 2011 Bonds, other than Unassigned Rights.

Section 9.3. Maintenance; Recording. (a) The Corporation will, at its own expense, take all necessary action to maintain and preserve the liens and security interest of the Loan Agreement so long as any principal, premium, if any, or interest on the Series 2011 Bonds remains unpaid.

(b) The Corporation will, forthwith after the execution and delivery of the Loan Agreement and thereafter from time to time, cause the Loan Agreement, including any amendments thereof and supplements thereto, and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect (i) the lien and security interest thereof upon and the title of the Corporation to the Bond Financed Property, and (ii) the lien and security interest therein granted to the Bond Trustee or owner of the Series 2011 Bonds to the rights, if any, of the City assigned under the Loan Agreement, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments necessary for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Corporation will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all Federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Loan Agreement and such instruments of further assurance.

(c) The City shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. The City will execute such instruments provided to it by the Corporation and at the Corporation's expense as may be reasonably necessary in connection with such filing or recording.

Section 9.4. Financial Statements, Etc. The Corporation covenants that:

(a) it will keep proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Corporation in accordance with generally accepted principles of accounting consistently applied (except as stated in the notes thereto);

(b) it will deliver, or cause to be delivered, to Bond Trustee and the Bondholders and submit the following to EMMA or any other nationally recognized municipal securities repositories recognized by the Securities and Exchange Commission each of the following:

(i) as soon as practicable, but in no event more than one hundred twenty (120) days after the last day of each Fiscal Year, a copy of the annual audit report for the Corporation for such fiscal year, certified by Knutte and Associates or other firm of independent certified public accountants selected by the Corporation and reasonably acceptable to the Majority of Bondholders, prepared in accordance with GAAP, including a balance sheet as of the end of such period, a statement of activities, expenditures and mandatory transfer, information as to annual fundraising, additional fundraising and the Capital Campaign, including monies pledged and received, and a statement of changes in the net asset position (or conceptually equivalent reports) and each such annual financial report shall also be accompanied by a certificate of the President or other authorized officer containing a computation of, and showing compliance with, the covenants in Section 9.6 hereof;

(ii) as soon as possible, but in any event within forty-five (45) days after the end of Corporation's first three fiscal quarters, financial statements of the Corporation as of the end of such fiscal quarter consistent with the Corporation's audited financial statements and consisting of at least (i) a balance sheet (or conceptually equivalent report) as of the close of such fiscal quarter and (ii) a statement of unrestricted activities (or conceptually equivalent reports) routinely prepared and for the period from the beginning of such fiscal year to the close of the fiscal quarter, and each such quarterly financial report shall also be accompanied by a certificate of the President or other authorized officer containing a computation of, and showing compliance with, the covenants in Section 9.6 hereof, as applicable;

(iii) no later than June 30 of each year, projected enrollment for the following school year;

(iv) at the same time as the financial statements and certificate described in subsection (i) above, data showing a comparison of historic and current enrollment applications, acceptions and matriculations for the past three years; and

(v) if moneys have been withdrawn from the Operating Reserve Fund pursuant to Section 5.1(c) hereof, during the period of time when such withdrawal is being replenished, monthly reports containing the information otherwise required on a quarterly basis pursuant to clause (ii) above).

(c) deliver to the Bond Trustee and the Bondholders and submit the following to EMMA or any other nationally recognized municipal securities repositories recognized by the Securities and Exchange Commission notice of the following material events:

(1) Any delinquency in payment when due of any principal of, or interest on, the Series 2011 Note or the Series 2011 Bonds.

(2) Occurrence of any material Event of Default under and defined in the Bond Indenture (other than as described in clause 1 above).

(3) Any draw on debt service reserves or operating reserves.

(4) Any unscheduled draw on credit enhancements, if any, reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, if any, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2011 Bonds.

(7) Material modification to rights of Bondholders.

(8) Material Bond calls.

(9) Defeasance of the Series 2011 Bonds or any portion thereof.

(10) Material release, substitution, or sale of property securing repayment of the Series 2011 Bonds.

(11) Any change in the rating on the Series 2011 Bonds, if any.

(12) Tender offers.

(13) Bankruptcy, insolvency, receivership, or similar proceedings pending or threatened with respect to the Corporation.

(14) The consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions.

(15) Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(16) Any other information as reasonably requested by the Bond Trustee.

Section 9.5. Indemnity. (a) The Corporation will pay, and will protect, indemnify and save the City and Bond Trustee and their respective past, present and future members of the City Council, officers, directors, employees, agents, successor, assigns and any other person, if any, who "controls" the City or Bond Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended (the City, the Bond Trustee and the other listed persons, collectively referred to as, the "*Indemnified Persons*") harmless from and against any and all liabilities, losses, damages, taxes penalties, costs and expenses (including attorneys' fees and expenses of the City and Bond Trustee), causes of action, suits, proceedings, claims, demands, tax reviews, investigations and judgments of whatsoever kind and nature (including, but not limited to, those arising or resulting from any injury to or death of any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

(i) the use, financing, non-use, condition or occupancy of the Bond Financed Property, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any such Bond Financed Property including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with such Bond Financed Property or used in connection therewith but which are not the result of the gross negligence of the City or Bond Trustee;

(ii) a violation of any agreement, warranty, covenant or condition of this Loan Agreement or any other agreement executed in connection with this Loan Agreement;

(iii) a violation of any contract, agreement or restriction by the Corporation relating to its Bond Financed Property;

(iv) a violation of any law, ordinance, rules, regulation or court order affecting the Bond Financed Property or the ownership, occupancy or use thereof or the Series 2011 Bonds or use of the proceeds thereof;

(v) any statement or information concerning the Corporation, any of its officers, its operations or financial condition generally or the Bond Financed Property, contained in any Private Placement Memorandum or supplement or amendment thereto furnished to the City or the purchaser of any Bonds, that is untrue or incorrect in any material respect, and any omission from such Private Placement Memorandum or any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Corporation, any of its officers and the Bond Financed Property not misleading in any material respect, provided that such Private Placement Memorandum or supplement or amendment has been approved by the Corporation and the Indemnified Persons did not have actual knowledge of the omission or misstatement; and

(vi) the acceptance or administration of the Bond Indenture, including without limitation the enforcement of any remedies under the Bond Indenture and related documents.

(b) In case any claim shall be made or any action shall be brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Corporation pursuant to any of the preceding paragraphs, the Indemnified Party seeking indemnity shall promptly notify the Corporation, in writing, and the Corporation shall promptly assume the defense thereof, including the employment of counsel chosen by the Corporation and approved by the City or Bond Trustee, or both (provided, that such approval by the City or Bond Trustee shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Corporation or that the defense of such Indemnified Person should be handled by separate counsel, the Corporation shall not have the right to assume the defense of such Indemnified Person, but the Corporation shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Corporation shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the City or Bond Trustee within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Corporation. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless the employment of such counsel has been specifically authorized by the Corporation in writing or unless the provisions of the immediately preceding sentence are applicable. The Corporation shall not be liable for any settlement of any such action affected without the consent of the Corporation, but if settled with the consent of the Corporation or if there be a final judgment for the plaintiff in any such action with or without consent, the Corporation agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

(c) The Corporation shall also indemnify the City, Bond Trustee and such Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Corporation under this Loan Agreement or any related agreement, (ii) taking any action requested by the Corporation, (iii) taking any action required by this Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the City and which is authorized by this Loan Agreement or any related agreement. If the City is to take any action under this Loan Agreement or any other instrument executed in connection herewith for the benefit of the Corporation, it will do so if and only if (i) the City is a necessary party to any such action or proceeding, and (ii) the City has received specific written direction from the Corporation, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the City.

(d) The Corporation agrees to and does hereby indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages or liabilities (including all costs, expenses and counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by, relating to, arising out of, resulting from, or in any way connected to, an examination, investigation or audit of the Series 2011 Bonds by the Internal Revenue Service ("IRS"). In the event of such examination, investigation or audit, the Indemnified Parties shall have the right to employ counsel at the Corporation's expense. In such

event, the Corporation shall assume the primary role in responding to and negotiating with the IRS, but shall inform the Indemnified Parties of the status of the investigation. The Indemnified Parties shall cooperate with the Corporation in responding to any IRS inquiry. In the event the Corporation fails to respond adequately and promptly to the IRS, the City shall have the right to assume the primary role in responding to and negotiating with the IRS and, upon prior written notice to the Corporation, shall have the right to enter into a closing agreement, for which the Corporation shall be liable.

(e) All amounts payable to the City under this Section 9.5 shall be deemed to be fees and expenses payable to the City for the purposes of the provisions hereof and of the Bond Indenture dealing with assignment of the City's rights hereunder. The City and the members of the City Council, and its officers, agents, employees and their successors and assigns shall not be liable to the Corporation for any reason.

(f) Any provision of this Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the City retains the right to (i) enforce any applicable Federal or State law or regulation or resolution of the City, and (ii) enforce any rights accorded to the City by Federal or State law or regulation of the City, and nothing in this Loan Agreement shall be construed as an express or implied waiver thereof.

(g) The indemnifications set forth herein shall survive the termination of this Loan Agreement and/or the resignation or removal of the Trustee.

Section 9.6. Debt Service Coverage Ratio. The Corporation agrees to maintain a Debt Service Coverage Ratio of not less than 1.20x as of the Project Completion Date. The Debt Service Coverage Ratio shall be tested annually based upon the Corporation's audited financial statements. If the Debt Service Coverage Ratio falls below 1.20x but is above 1.00x, the Corporation will engage a Management Consultant the earlier of thirty (30) days after delivery of a financial statement or 150 days after the end of the Fiscal Year to make operational recommendations until the Debt Service Coverage Ratio equals 1.20x for two consecutive quarters. It will be an Event of Default if the Debt Service Coverage Ratio falls below 1.00x.

Section 9.7. Reserved.

Section 9.8. Transfer of Assets. The Corporation covenants and agrees it will not sell, lease or otherwise dispose, directly or indirectly, in whole or in part, any portion of the Bond Financed Property unless the conditions set forth in Section 4.04 of the Tax Compliance Agreement are satisfied.

Section 9.9. Notice Regarding Bankruptcy Petitions, Event of Default or Potential Default. The Corporation agrees to notify the Bond Trustee and the City in writing prior to any filing by it of a petition in bankruptcy and to notify the Bond Trustee and the City immediately by telephone and in writing as soon as reasonably practicable when it obtains knowledge that a petition in bankruptcy has been filed against the Corporation or of the occurrence of an event of default or potential default under this Loan Agreement or of any other development, financial or otherwise, which is expected to materially adversely affect the ability of the Corporation to perform its obligations.

Section 9.10. Maintenance and Repair; Insurance. The Corporation will maintain the Bond Financed Property in a safe and sound operating condition, making from time to time, all needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to the Bond Financed Property and shall pay all costs of such maintenance, repair and insurance.

Section 9.11. Employment of Construction Monitor and Educational Operations Consultant. The Corporation agrees, at its sole cost and expense, to engage the services of a construction monitor (the "*Construction Monitor*") to oversee construction of the Project, sign off on requisitions and report to the Bond Trustee and the Bondholders on a monthly basis until all conditions to Completion of the Project have been met. For a period of one year from the date of the issuance of the Bonds, the Corporation, at its sole cost and expense, shall engage the services of Educational Directions, Inc. to provide enrollment and marketing consulting services in accordance with the proposal previously submitted by said consultant.

Section 9.12. Discharge of Orders, Etc. The Corporation covenants to cause any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture to be discharged, vacated, bonded or stayed within 90 days after such filing, but, notwithstanding the foregoing, in any event not later than five days prior to any proposed execution or enforcement with respect to such filing or any transfer of moneys or investments pursuant to such filing.

Section 9.13. Additional Indebtedness. The Corporation will not issue, incur or guarantee any Indebtedness, except that the Corporation may incur Funded Indebtedness to finance capital expenditures if before incurrence thereof there is delivered to the Trustee (i) an Officer's Certificate demonstrating that the Debt Service Coverage Ratio of the Corporation for each of the two most recent Fiscal Years for which audited financial statements are available was not less than 1.20:1.0 after giving effect to the incurrence of such Indebtedness.

Section 9.14. Pledge of Gross Revenues. The Corporation hereby pledges and grants a security interest in, unto the Bond Trustee, its successor or successors and its or their assigns forever, with power of sale, all Gross Revenues of the Corporation, but except and excluding all such items, whether now owned or hereafter acquired by the Corporation, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder by the Corporation, or which cannot be granted, pledged, or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Bond Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Corporation.

ARTICLE X

Events of Default and Remedies Therefor

Section 10.1. Events of Default. The occurrence and continuance of any of the following events shall constitute an "*event of default*" hereunder:

(a) failure of the Corporation to pay any installment of principal, interest or premium on the Series 2011 Note or any other payment required by Section 7.1 or 7.2 hereof when the same shall become due and payable, whether upon a scheduled Interest Payment Date, at maturity, upon any date fixed for prepayment or by acceleration or otherwise; or

(b) an event of default under the Mortgage; or

(c) except as otherwise provided in this Section 10.1, a failure by the Corporation to perform or comply with any of the covenants, conditions or provisions hereof or of the Tax Compliance Agreement and failure to remedy such default within 30 days after notice thereof from the Bond Trustee to the Corporation; provided, however, that if failure to comply or perform with such covenants, conditions or provisions cannot be remedied within 30 days, but can be remedied, no "*event of default*" shall be deemed to have occurred or to exist if the Bond Trustee in its sole discretion, shall consent to the Corporation commencing corrective action and the Corporation diligently pursues such corrective action until it shall have complied with or performed such covenants, conditions or provisions within ninety (90) days after the notice given pursuant to this Section; or

(d) if any representation or warranty made by the Corporation herein or in any statement or certificate furnished to the City or the Bond Trustee or the purchaser of any Bonds in connection with the sale of Series 2011 Bonds or furnished by the Corporation pursuant hereto including, without limitation, statements in the Private Placement Memorandum, proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 60 days after notice thereof to the Corporation by the City or the Bond Trustee; provided, however, that if such default cannot be remedied within 60 days, but can be remedied, no "*event of default*" shall be deemed to have occurred or to exist if the Bond Trustee in its sole discretion, shall consent to the Corporation commencing corrective action and the Corporation diligently pursuing such corrective action until such default has been cured; or

(e) default in the payment of the principal of or premium, if any, or interest on any Indebtedness other than the Series 2011 Note when the same becomes due and payable, and any applicable grace period shall have expired, or an event of default as defined in any mortgage, indenture or other instrument under or pursuant to which there was issued or incurred, or by which there is secured, any such Indebtedness; provided that such default shall not constitute an Event of Default if payment of such Indebtedness has not been accelerated under the terms of payment of such Indebtedness or if within 60 days, or within the time allowed for service of a responsive pleading in any proceeding to enforce payment of the Indebtedness, the Corporation in good faith commences proceedings to contest the obligation to pay or the existence or payment of such Indebtedness; and provided further that a default in payment thereunder shall not constitute an Event of Default unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds \$250,000; or

(f) if the Corporation admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Corporation or for the major part of its property; or

(g) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Corporation (other than bankruptcy proceedings instituted by the Corporation against third parties), and if instituted against the Corporation are allowed against the Corporation or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(h) if payment of any installment of interest, principal or premium on any Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture; or

(i) failure of the Corporation to comply with or perform its obligations pursuant to Sections 9.1, 9.4, 9.8, 9.10 or 9.13 hereof.

(j) The failure of the Corporation to make a deposit of five hundred thousand dollars (\$500,000) to the Operating Reserve Fund by December 1, 2012.

Whenever any event of default shall have occurred and be continuing hereunder:

I. *Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration.* By written notice to the Corporation, the Bond Trustee may, at its discretion, declare the principal of the Series 2011 Note (if not then due and payable) to be due and payable immediately and such principal shall thereupon become immediately due and payable as if all of the sums of money payable thereunder were originally stipulated to be paid on such accelerated payment date, anything in the Series 2011 Note or in this Loan Agreement to the contrary notwithstanding. The Bond Trustee shall declare the principal of the Series 2011 Note due and payable immediately upon the occurrence of any of the events of default described in (a), (f), (g), or (h) above. This provision, however, is subject to the condition that if, at any time after the principal of any of the Series 2011 Note shall have been so declared and become due and payable, all arrears of interest, if any, upon the Series 2011 Note and the expenses of the City and the Bond Trustee shall be paid by the Corporation, and every other event of default in the observance or performance of any covenant, condition or agreement in the Series 2011 Note or in this Loan Agreement contained shall be made good, or be secured, to the satisfaction of the City and the Bond Trustee, or provision deemed by the City and the Bond Trustee to be adequate shall be made therefor, then and in every such case the Bond Trustee, with the consent of the Majority of Bondholders by written notice to the Corporation may waive the event of default by reason of which the principal of the Series 2011 Note shall have been so declared and become due and payable and may rescind and annul such declaration and its consequences; provided, however, that there shall not be waived any event of default in the payment of the principal payable on the Series 2011

Bonds when due whether by mandatory or optional redemption or at the date of maturity specified therein; and provided further that no such waiver, rescission or annulment shall extend to or affect any subsequent event of default or impair any right consequent thereon.

II. *Right to Bring Suit, Etc.* The Bond Trustee may in its discretion, proceed to protect and enforce its rights by pursuing any available remedy including a suit or suits in equity or at law, whether for damages or for the specific performance of any obligation, covenant or agreement contained in the Series 2011 Note in this Loan Agreement, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Bond Trustee shall deem most effectual to collect the payments then due and thereafter to become due on the Series 2011 Note, to enforce performance and observance of any obligation, agreement or covenant of the Corporation hereunder, under the Series 2011 Note or to protect and enforce any of the City's rights or duties hereunder or thereunder. The City reserves the right, in its discretion, to protect and enforce the Unassigned Rights as it shall determine, and agrees to provide the Bond Trustee with notice of any actions so taken.

Section 10.2. Application of Proceeds from Exercise of Remedies. The proceeds or avails resulting from the exercise of any such remedies, together with any other sums which then may be held by the Bond Trustee under this Loan Agreement, whether under the provisions of this Article or otherwise, and which are available for such application shall be applied as follows:

FIRST: To the payment of the costs and expenses of the exercise of such remedies, including reasonable compensation to the City and the Bond Trustee, their agents, attorneys and counsel, and the expenses of any judicial proceedings wherein the same may be made, and of all outstanding fees, expenses, liabilities and advances made or incurred by any thereof as permitted by this Loan Agreement, together with interest at the Bond Trustee's announced prime rate per annum then in effect, on all such advances, and to the payment of all taxes, assessments or claims prior to the claim of this Loan Agreement, except any taxes, assessments, liens, or other charges, subject to which property may have been sold.

SECOND: To the payment of any amounts then payable under the Tax Compliance Agreement.

THIRD: To the payment of the whole amount then due, owing and unpaid upon the Series 2011 Note for principal, interest and premium, if any (in that order); in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Series 2011 Note, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any; such application to be made upon presentation of the Series 2011 Note and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid.

FOURTH: To the payment of the principal, interest and premium, if any, then due and unpaid upon the Series 2011 Bonds with respect to which payment of principal,

interest and, premium, if any, have been extended as described in Section 701 of the Bond Indenture.

FIFTH: To the payment of any other sums required to be paid by the Corporation pursuant to any provisions of this Loan Agreement or the Series 2011 Note.

SIXTH: To the payment of the surplus, if any, to the Corporation, its successors or assigns, upon the written request of the Corporation or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

Section 10.3. Remedies Cumulative; Delay or Omission Not a Waiver. No remedy herein conferred upon or reserved to the City or the Bond Trustee is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement and the Bond Indenture, now or hereafter existing, at law or in equity or by statute. No delay or omission to exercise any right or power and accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 10.4. Waiver of Extension, Appraisal, Stay, Laws. To the extent permitted by law, the Corporation will not during the continuance of any event of default hereunder insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Loan Agreement; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of any of the Corporation's property prior to any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by any state or territory, or otherwise, to redeem the property so sold or any part thereof; and the Corporation hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the City or the Bond Trustee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Section 10.5. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Loan Agreement invalid or unenforceable under the provisions of any applicable law.

Section 10.6. Limited Liability of the City. Notwithstanding any provision or obligation to the contrary set forth herein, no provision of this Loan Agreement shall be construed so as to give rise to a pecuniary liability of the City or to give rise to a charge upon the general credit of the City, the liability of the City hereunder shall be limited to its interest in this Loan Agreement, the Series 2011 Note and all other related documents and collateral and the lien

of any judgment shall be restricted thereto. In the performance of the agreements of the City herein contained, any obligation it may incur for the payment of money shall not be a debt of the City, nor shall the City be liable on any obligation so incurred. The City does not assume general liability for the repayment of the Series 2011 Bonds or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and shall be obligated to pay the same only out of the amounts payable by the Corporation hereunder. The City shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Corporation if a default shall occur hereunder.

ARTICLE XI

Supplements and Amendments to this Loan Agreement

Section 11.1. Supplements and Amendments to this Loan Agreement.

Subject to the terms, conditions and provisions of Article X of the Bond Indenture, the Corporation and the City, with the consent of the Bond Trustee, may from time to time enter into such supplements and amendments to this Loan Agreement. An executed copy of any of the foregoing amendments, changes or modification shall be filed with the Bond Trustee. The Bond Trustee may grant such waivers of compliance by the Corporation with provisions of this Loan Agreement as to which the Bond Trustee may deem necessary or desirable to effectuate the purposes or intent hereof and which, in the opinion of the Bond Trustee, do not have a material adverse effect upon the interests of the Bondholders, provided that the Bond Trustee shall file with the City any and all such waivers granted by the Bond Trustee within three (3) business days thereof.

ARTICLE XII

Defeasance

Section 12.1. Defeasance. If the Corporation shall pay and discharge or provide, in a manner satisfactory to the Bond Trustee, for the payment and discharge of the whole amount of the principal of, premium, if any, and interest on the Series 2011 Note and shall pay or cause to be paid all other sums payable hereunder and under the Bond Indenture, or shall make arrangements satisfactory to the Bond Trustee for such payment and discharge, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Corporation, and the estate, right, title and interest of the Bond Trustee therein shall thereupon cease, terminate and become void; and this Loan Agreement and the covenants of the Corporation contained herein, shall be discharged and the Bond Trustee in such case on demand of the Corporation and at its cost and expense, shall execute and deliver to the Corporation a proper instrument or proper instruments acknowledging the satisfaction and termination of this Loan Agreement and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Corporation, all property, including money, then held by the City or the Bond Trustee other than moneys deposited with the Bond Trustee for the payment of the principal of, premium, if any, or interest on the Series 2011 Note, together with such Series 2011 Note marked paid or cancelled.

The Corporation agrees to pay all costs of the City and the Bond Trustee, its advisors and counsel in connection with any advance refunding of the Series 2011 Bonds, including, without limitation the cost of having a bond rating reassigned to any Bonds which are to be advance refunded, if such rating is requested by the Corporation. The Corporation also agrees that prior to advance refunding the Series 2011 Bonds it will make available to any Rating Agency which is maintaining a rating on the Series 2011 Bonds to be refunded such information as any such Rating Agency may require to reassign a bond rating to any Bonds which are to be advance refunded.

ARTICLE XIII

Miscellaneous Provisions

Section 13.1. Payment of Expenses of Issuance of Series 2011 Bonds. The Corporation agrees to be liable and pay for any commitment and other financing costs, recording expenses, the City's financial advisor's fees, trustee's acceptance fees, title insurance costs, legal fees, printing expenses and other fees and fair and customary expenses incurred or to be incurred by or on behalf of the City in connection with or as an incident to the issuance and sale of the Series 2011 Bonds.

Section 13.2. Loan Agreement for Benefit of Parties Hereto. Nothing in this Loan Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, the holder of the Series 2011 Note, any right, remedy or claim under or by reason of this Loan Agreement or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Loan Agreement contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the holder of the Series 2011 Note.

Section 13.3. Severability. In case any one or more of the provisions contained in this Loan Agreement or in the Series 2011 Note shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 13.4. Notices. Unless otherwise specifically provided herein, any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when the same is: (i) deposited in the United States mail and sent by first class mail, postage prepaid, or (ii) delivered, in each case to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

To the City:	City of Evanston 2100 Ridge Avenue Evanston, Illinois 60201 Attention: City Manager Telephone: (847) 866-2936
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with a copy to: City of Evanston
2100 Ridge Avenue
Evanston, Illinois 60201
Attention: Corporate Counsel
Telephone: (847) 866-2937

To the Corporation: Roycemore School
1200 Davis Street
Evanston, Illinois 60201
Attention: Joseph A. Becker, President
Telephone: (847) 866-6055

Section 13.5. Successors and Assigns. Whenever in this Loan Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Loan Agreement contained by or on behalf of the Corporation, or by or on behalf of the City, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 13.6. Counterparts. This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

Section 13.7. Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the internal laws of the State of Illinois applicable to contracts to be wholly performed therein.

Section 13.8. No Recourse to the City. The obligations of the City with respect to the Series 2011 Bonds and under this Loan Agreement are special, limited obligations of the City, payable solely out of the revenues and income derived under this Loan Agreement and the Series 2011 Note and as otherwise provided under this Loan Agreement and the Bond Indenture. The obligations of the City hereunder shall not be deemed to constitute an indebtedness or an obligation of the City, the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them. Neither the City nor any member of the City Council, director, officer, employee or agent of the City nor any person executing the Series 2011 Bonds shall be liable personally for the Series 2011 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2011 Bonds. No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Series 2011 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture, this Loan Agreement or the Placement Agreement, against any past, present or future member of the City Council, officer, agent or employee of the City, or any incorporator, member of the City Council, officer, employee, director or trustee of any successor corporation, as such, either directly or through the City or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member of the City Council, officer, employee, director, agent or trustee as such is hereby expressly waived and released as a condition of and

consideration for the execution of the Indenture and this Loan Agreement and the issuance of the Series 2011 Bonds.

Section 13.9. Term of this Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof, and shall continue in effect until the payment in full of all principal of, premium, if any, and interest on the Series 2011 Bonds, or provision for the payment thereof shall have been made pursuant to Article XI of the Bond Indenture; all fees, charges, indemnities and expenses of the City, Bond Trustee and Bond Registrar have been fully paid or provision made for such payment (the payment of which fees, charges, indemnities and expenses shall be evidenced by a written certification of the Corporation that it has fully paid or provided for all such fees, charges, indemnities and expenses and a written acknowledgement by the City that it has received such payment in full); and all other amounts due hereunder and under the obligations pledged under the Bond Indenture have been duly paid or provision made for such payment. All representations, certifications and covenants by the Corporation as to the indemnification of various parties and the payment of fees and expenses of the City as described in Section 9.5 hereof, and all matters affecting the tax-exempt status of the Series 2011 Bonds shall survive the termination of this Loan Agreement and the resignation or removal of the Bond Trustee.

Section 13.10. Indenture Provisions. The Bond Indenture provisions concerning the Series 2011 Bonds and other matters therein are an integral part of the terms and conditions of the loan made by the City to the Corporation pursuant to this Loan Agreement and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Bond Indenture by the Corporation to the extent it relates to the Corporation. Additionally, the Corporation agrees that, whenever the Bond Indenture by its terms imposes a duty or obligation upon the Corporation, such duty or obligation shall be binding upon the Corporation to the same extent as if the Corporation were an express party to the Bond Indenture, and the Corporation hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Corporation were a party to the Bond Indenture.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation and the City have caused this Loan Agreement to be executed in their respective corporate names, all as of the date first above written.

ROYCEMORE SCHOOL

By: Joseph A. Becker
Joseph A. Becker
President

CITY OF EVANSTON, ILLINOIS

By: Elizabeth Tisdahl
Mayor

7.18.2011

Exhibit A
Costs of the Project

Land Acquisition	5,835,275.00
Hard Costs	6,280,324.00
Soft Costs	824,672.49
Professional Service Fees	926,373.00
Furniture Fixtures and Equipment	675,000.00
Total Project Costs	<u>14,541,644.49</u>

7.18.2011

Roycemore School Bond Funding Allocation on 7.21.2011
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Project Fund*	8,367,487.40
MB Financial Payoff	3,156,682.49
CAPF Fund	469,755.11
Debt Service Reserve Fund	1,324,275.00
Cost of Issuance	16,987.50
Placement Agency	254,812.50
Total Bond Draw	<u>13,590,000.00</u>

* Project Fund Includes Rounding

PROMISSORY NOTE

\$13,590,000

July 21, 2011

Roycemore School, an Illinois not for profit corporation (the "*Corporation*"), for value received, promises to pay to the order of the City of Evanston, Illinois (the "*City*"), the principal sum of THIRTEEN MILLION FIVE HUNDRED NINETY THOUSAND DOLLARS (\$13,590,000) and to pay (i) interest on the unpaid balance of such principal sum from and after the date of this Note at the interest rate or interest rates borne by the Bonds (as defined below), and (ii) interest on overdue principal, and to the extent permitted by law, on overdue interest, at the interest rate provided under the terms of the Bonds.

This Note has been executed and delivered by the Corporation pursuant to a certain Loan Agreement (the "*Agreement*"), dated as of July 1, 2011, between the City and the Corporation. Terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and the Trust Indenture (as defined below).

Under the Agreement, the City has loaned the Corporation the proceeds received from the sale of the \$13,590,000 aggregate principal amount of City of Evanston Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project), dated as of the date of their issuance (the "*Bonds*"), to be applied to assist in the financing of all or a portion of the costs of the Project. The Corporation has agreed to repay such loan by making Loan Payments at the times and in the amounts set forth in this Note. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Bond Trust Indenture (the "*Trust Indenture*"), dated as of July 1, 2011, between the City and Wells Fargo Bank, N.A., as trustee (the "*Trustee*").

To provide funds to pay the principal of and interest on the Bonds as and when due, the Corporation hereby agrees to and shall make Loan Payments as follows:

(a) *Interest*: On or before the fifteenth (15) day of each month commencing August 15, 2011 an amount which, together with an equal amount to be deposited on the last Business Day of each month preceding the next regularly scheduled semi-annual Interest Payment Date, is equal to not less than the interest to become due on the next succeeding regularly scheduled semi-annual Interest Payment Date of the Series 2011 Bonds; provided, however, that the Corporation may be entitled to certain credits on such payments as permitted under Section 7.3 of the Loan Agreement.

(b) *Principal*: On or before the fifteenth (15) day of each month commencing July 15, 2014 and thereafter, an amount equal to not less than one twelfth (1/12) of the amount of principal becoming due on the Series 2011 Bonds on the next succeeding July 1 by maturity; provided, however, that the Corporation may be entitled to certain credits on such payments as permitted under Section 7.3 of the Loan Agreement (each such day being a "*Loan Payment Date*"). In addition, to provide funds to pay the principal of and interest on the Bonds as and when due at any other time, the Corporation hereby agree to and shall make Loan Payments on

any other date on which any principal of and interest on the Bonds shall be due and payable, whether at maturity, upon acceleration, call for redemption or otherwise.

(c) *Operating Reserve Fund:* Immediately upon receipt (if payment is not made directly to the Bond Trustee), the Corporation agrees to pay to the Bond Trustee for deposit in the Operating Reserve Fund the \$500,000 (Five Hundred Thousand Dollars) received from Northwestern University (the "*Northwestern Funds*") pursuant to a Purchase and Sale Agreement dated December 23, 2010 by and between Roycemore School and Northwestern University. Notwithstanding the foregoing, funds in the amount of \$500,000 shall be deposited in the Operating Reserve Fund no later than December 1, 2012. If the funds on deposit in the Operating Reserve Fund are reduced due to a withdrawal pursuant to the Section 408 of the Bond Indenture or Section 5.1(c) of the Loan Agreement, the Corporation agrees to restore the amount on deposit in the Operating Reserve Fund to \$500,000 by the deposit of 50% of the net Revenues of the Corporation after payment of operating expenses reflected in the then-current budget approved by the Corporation's Board and all other payments required by this Loan Agreement and the Bond Indenture until the earlier of the release of the Operating Reserve Fund pursuant to the terms of the Bond Indenture or until the funds on deposit in the Operating Reserve Fund equals \$500,000.

(d) *Repair and Replacement Fund:* Commencing on the first day of the month on the second anniversary of the Project Completion Date, the Corporation shall make monthly payments of \$8,333.30 until the amount on deposit in the Repair and Replacement Fund is equal to \$400,000. In the event of any withdrawal from the Repair and Replacement Fund, the Corporation shall make payments on the last Business Day of each month at the aforementioned amounts until the amount on deposit in the Repair and Replacement Fund is replenished to \$400,000.

(e) *Debt Service Reserve Fund:* If at any time the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon, the Bond Trustee shall notify the City and the Corporation of such transfer and the Corporation agrees to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement by the deposit with the Bond Trustee of an amount equal to such deficiency in not more than two substantially equal monthly installments beginning with the first day of the month after the date such draw occurred. If on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of a decline in the market value of investments on deposit in the Debt Service Reserve Fund, the Corporation agrees to pay an amount equal to the amounts of the deficiency in the Debt Service Reserve Fund in order to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within not more than 60 days following the date the Corporation receives notice of such deficiency.

If payment or provision for payment in accordance with the Trust Indenture is made in respect of the principal of and interest on the Bonds from moneys other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of the principal of and interest on the Bonds has been made. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be payable in lawful money of the United States of America and shall be made to the Trustee at its corporate trust office for the account of the City, deposited in the Bond Fund and used as provided in the Trust Indenture.

Subject to the next to last paragraph hereof, the obligation of the Corporation to make the payments required hereunder shall be absolute and unconditional and the Corporation shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Corporation may have or assert against the City, the Trustee or any other person.

This Note is subject to optional prepayment, in whole or in part, upon the same terms and conditions, on the same dates and at the same prepayment prices, as the Bonds are subject to optional redemption. Any optional prepayment is also subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Trust Indenture.

Whenever an Event of Default under Section 702 of the Trust Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then outstanding, and interest accrued thereon shall have been declared to be immediately due and payable pursuant to Section 703 of the Trust Indenture, the unpaid principal amount of and any premium and accrued interest on this Note also shall be due and payable on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has signed this Note as of the date first above written.

ROYCEMORE SCHOOL

By: _____
Joseph A. Becker
President

ENDORSEMENT

Pay, without recourse, to Wells Fargo Bank, N.A., as Trustee under the Bond Trust Indenture dated as of July 1, 2011, from the undersigned.

CITY OF EVANSTON, ILLINOIS

By: _____
Mayor

CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

REQUISITION CERTIFICATE – PROJECT FUND

TO: Wells Fargo Bank, N.A., as Trustee
FROM: Roycemore School (the “Corporation”)
SUBJECT: Loan Agreement dated as of July 1, 2011 (the “Agreement”)
Bond Trust Indenture dated as of July 1, 2011 (the “Trust Indenture”)
DATE: _____, _____

This represents Requisition Certificate No. _____ in the total amount of \$ _____ for payment of those costs of the Project, as detailed in the Schedule attached. The Corporation hereby requests payment either to the General Contractor from the Project Fund or as otherwise permitted under the Agreement.

The Corporation certifies that:

- (1) such obligation is a permitted cost of the Project, is a proper charge against the Project Fund created under the Trust Indenture, and none of the items for which the payment is proposed to be made has formed the basis for any payment heretofore made from the Project Fund;
- (2) each item for which the payment is proposed to be made is or was appropriate in connection with the financing of the acquisition, construction, expansion, renovation and equipping of the Project;
- (3) the expenditure of such disbursements, when added to all disbursements under previous requisitions, will result in 95% or more of the total of such disbursements having been used for payments of amounts paid or incurred by the Corporation for land or property of a character subject to allowance for depreciation under the Code and will be or may be charged to the capital account of the Project for federal income tax purposes;
- (4) there has not been recorded or filed with or served upon the Corporation, notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of, any of the moneys payable to any of the persons or firms named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation, and attached hereto is a date-down endorsement to the Bond

Trustee's title insurance policy confirming no new matters of record and copies of any necessary lien waivers to support same;

(5) insofar as such obligation was incurred for labor, services, material, supplies or equipment, (a) such labor and services were actually performed in a satisfactory manner in connection with the acquisition, construction, expansion, renovation and equipping of the Project, and (b) such materials, supplies and equipment were actually used in connection with the acquisition, construction, expansion, renovation and equipping of the Project or were delivered to the Project (and remain at the Project) for that purpose;

The documentation attached hereto as *Exhibit A* including invoices for expenditures permitted under the Agreement and the requisition from the General Contractor and, the Application for Payment with the pertinent documentation required under the construction contract between the Corporation and The Dobbins Group, Inc. dated April 25, 2011, has been reviewed and accepted by the Corporation; and

The Corporation further certifies that:

(a) all sums previously disbursed by the Trustee have been used solely for the purposes permitted by the Agreement and the specific disbursement which is the subject of the Corporation's requisition will be so used;

(b) there exists no event of default under the Agreement, or any circumstance which, with the passage of time or the giving of notice, would become an event of default under the Agreement; and

(c) the payment requested is for a legally permissible purpose in accordance with the Trust Indenture and the Ordinance, and the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto, and for no other purpose.

Terms capitalized herein have the meanings specified in the Bond Trust Indenture and Agreement, both dated as of July 1, 2011, related to the issuance of the Bonds and the financing of the Project.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

EXHIBIT A

CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

REQUISITION CERTIFICATE – EXPENSE FUND

TO: Wells Fargo Bank, N.A., as Trustee
FROM: Roycemore School (the “Corporation”)
SUBJECT: Loan Agreement dated as of July 1, 2011 (the “Agreement”)
Bond Trust Indenture dated as of July 1, 2011 (the “Trust Indenture”)
DATE: _____

This represents Requisition Certificate No. _____ in the total amount of \$ _____ for payment of those expenses, as detailed in the Schedule attached. The Corporation hereby requests payment from the Expense Fund.

The undersigned certifies that:

- (1) such obligation is a permitted expense, is a proper charge against the Expense Fund created under the Trust Indenture, and none of the items for which the payment is proposed to be made has formed the basis for any payment heretofore made from the Expense Fund;
- (2) these payments when added to the other costs of issuance of the Bonds paid to date do not exceed 2% of the Net Proceeds of the Bonds;
- (3) there has not been recorded or filed with or served upon the Corporation, notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of, any of the moneys payable to any of the persons or firms named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation; and

The Undersigned further certifies that:

- (a) all sums previously disbursed by the Trustee have been used solely for the purposes permitted by the Agreement and the specific disbursement which is the subject of the Corporation’s requisition will be so used;
- (b) there exists no event of default under the Agreement, or any circumstance which, with the passage of time or the giving of notice, would become an event of default under the Agreement; and

(c) the payment requested is for a legally permissible purpose in accordance with the Trust Indenture and the Ordinance, as amended, and the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto, and for no other purpose.

Terms capitalized herein have the meanings specified in the Trust Indenture and Agreement, both dated as of July 1, 2011, related to the issuance of the Bonds and the financing of the Project.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

\$13,590,000
CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT) (the "Bonds")

REQUISITION CERTIFICATE – OPERATING RESERVE FUND

TO: Wells Fargo Bank, N.A., as Trustee

FROM: Roycemore School (the "*Corporation*")

SUBJECT: Loan Agreement dated as of July 1, 2011 (the "*Agreement*")
Bond Trust Indenture dated as of July 1, 2011 (the "*Trust Indenture*")

DATE: _____

This represents Requisition Certificate No. _____ in the total amount of \$_____ for payment of working capital expenditures relating to the Project, as detailed in the Schedule attached. The Corporation hereby requests payment from the Operating Reserve Fund.

The undersigned certifies that:

(1) such obligation is a permitted working capital expenditure, is a proper charge against the Operating Reserve Fund created under the Trust Indenture, and none of the items for which the payment is proposed to be made has formed the basis for any payment heretofore made from the Operating Reserve Fund;

(2) each item for which the payment is proposed to be made is or was appropriate in connection with the financing of working capital expenditures related to the Project in a maximum amount not exceeding 50% of the monies in the Operating Reserve Fund;

(3) there has not been recorded or filed with or served upon the Corporation, notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of, any of the moneys payable to any of the persons or firms named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation;

The Undersigned further certifies that:

(a) all sums previously disbursed by the Trustee have been used solely for the purposes permitted by the Loan Agreement and the specific disbursement which is the subject of the Corporation's requisition will be so used;

(b) no other funds are available or will reasonably be available to make the payments for the working capital expenditures;

(c) there exists no event of default under the Loan Agreement, or any circumstance which, with the passage of time or the giving of notice, would become an event of default under the Agreement; and

(d) the payment requested is for a legally permissible purpose in accordance with the Trust Indenture, the Ordinance and the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto, and for no other purpose.

Terms capitalized herein have the meanings specified in the Bond Trust Indenture and Loan Agreement, both dated as of July 1, 2011, related to the issuance of the Bonds and the financing of the Project.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

The Undersigned hereby [**consents to use of monies in the Operating Reserve Fund as set forth in this Requisition Certificate and**] certifies to be the Majority Bondholder of the above-referenced Bonds.

By: _____
Authorized Representative

CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

REQUISITION CERTIFICATE – REPAIR AND REPLACEMENT FUND

TO: Wells Fargo Bank, N.A., as Trustee
FROM: Roycemore School (the “Corporation”)
SUBJECT: Loan Agreement dated as of July 1, 2011 (the “Agreement”)
Bond Trust Indenture dated as of July 1, 2011 (the “Trust Indenture”)
DATE: _____

This represents Requisition Certificate No. _____ in the total amount of \$ _____ for payment of those costs of the Project, as detailed in the Schedule attached. The Corporation hereby requests payment from the Repair and Replacement Fund.

The undersigned certifies that:

(1) such obligation is a permitted cost of the Project, is a proper charge against the Repair and Replacement Fund created under the Trust Indenture, and none of the items for which the payment is proposed to be made has formed the basis for any payment heretofore made from the Repair and Replacement Fund;

(2) each item for which the payment is proposed to be made is or was appropriate in connection with the financing of the repair and maintenance of the Project; or

(3) there has not been recorded or filed with or served upon the Corporation, notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of, any of the moneys payable to any of the persons or firms named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation;

(5) insofar as such obligation was incurred for labor, services, material, supplies or equipment, (a) such labor and services were actually performed in a satisfactory manner in connection with the repair and maintenance of the Project, and (b) such materials, supplies and equipment were actually used in connection with the repair and maintenance of the Project or were delivered to the Project (and remain at the Project) for that purpose; and

The Undersigned further certifies that:

(a) all sums previously disbursed by the Trustee have been used solely for the purposes permitted by the Agreement and the specific disbursement which is the subject of the Corporation's requisition will be so used;

(b) there exists no event of default under the Agreement, or any circumstance which, with the passage of time or the giving of notice, would become an event of default under the Agreement; and

(c) the payment requested is for a legally permissible purpose in accordance with the Trust Indenture, the Ordinance and the Internal Revenue Code of 1986, as amended, and the regulations applicable thereto, and for no other purpose.

Terms capitalized herein have the meanings specified in the Bond Trust Indenture and Agreement, both dated as of July 1, 2011, related to the issuance of the Bonds and the financing of the Project.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)

COMPLETION OF PROJECT CERTIFICATE

TO: Wells Fargo Bank, N.A., as Trustee
FROM: Roycemore School (the "Corporation")
DATE: _____

This certificate relates to the Project financed with proceeds of the Bonds.

The undersigned certifies that:

(1) The final cost of the acquisition, construction, expansion, renovation and equipping of the Project is \$ _____;

(2) The acquisition, construction, expansion, renovation and equipping of the Project have been completed substantially in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in such acquisition, construction, expansion, renovation and equipping have been paid for; and

(3) All other facilities necessary in connection with the Project have been acquired, constructed, expanded, renovated and equipped in accordance with the plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid.

(4) All of the requirements for the Completion of the Project as provided in Section 5.4 of the Loan Agreement dated July 1, 2011 between the Corporation and the City of Evanston, Illinois have been satisfied as of today's date.

[Signature Page Follows]

This Certificate is given without prejudice to any rights against any third parties which exist as of even date herewith or which may subsequently come into being.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

EXHIBIT H

OPERATING RESERVE FUND RELEASE REQUIREMENTS

	Fiscal Year Ending June 30,			
	2012	2013	2014	2015
• Enrollment	285	320	341	341
• Net Tuition/Student	\$12,007	\$15,231	\$16,243	\$17,053
† Days Cash on Hand	50	50	60	75
† DSCR		1.30x	1.50x	1.50x
† Additional Fundraising*	\$200,000	\$200,000	\$200,000	\$200,000
† Capital Campaign Funds**	\$236,000	\$227,000	\$135,000	\$10,000

If the above metrics are not met then to obtain the release of the ORF, the School will have to meet the following for two consecutive years:

	> or =
• Enrollment	341
• Net Tuition/Student	\$17,500
† Days Cash on Hand	75
† DSCR	1.50x
† Additional Fundraising	\$200,000

• As of June 30 of each year

† The required amounts of Days Cash on Hand do not, and are not expected to, exceed the reasonable operating and business needs of the Corporation and there is no restriction to the Corporation spending those amounts between the annual June testing dates. Days Cash on Hand is tested based on audited financial statements at end of each fiscal year ending June 30.

* in addition to Annual Fundraising

** collected not pledged

EXHIBIT I

**CITY OF EVANSTON, ILLINOIS
EDUCATIONAL FACILITY REVENUE BONDS, SERIES 2011
(ROYCEMORE SCHOOL PROJECT)**

OPERATING RESERVE FUND RELEASE CERTIFICATE

TO: Wells Fargo Bank, N.A., as Trustee
FROM: Roycemore School (the "Corporation")
DATE: _____

This certificate relates to the Project financed with proceeds of the Bonds.

The undersigned certifies that:

(1) The acquisition, construction, expansion, renovation and equipping of the Project was completed substantially in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in such acquisition, construction, expansion, renovation and equipping have been paid for as of _____, _____ the Project Completion Date; and

(2) All other facilities necessary in connection with the Project have been acquired, constructed, expanded, renovated and equipped in accordance with the plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid as of _____, _____ the Project Completion Date; and

(3) The Project has achieved the "Operating Reserve Fund Release Requirements" as provided in *Exhibit H* and the Condition For Completion of Project as provided in *Exhibit J* of the Loan Agreement dated as of July 1, 2011 between Roycemore School and the City of Evanston;

(4) As of the date of this Certificate, two fiscal years have passed since the Project Completion Date; and

(5) There is no existing no event of default and no event with which either the passage of time or the giving of notice or both would be an event of default has occurred under the Bond Indenture and the Loan Agreement.

The Undersigned hereby requests the Bond Trustee to release the Operating Reserve Fund as provided in the Bond Indenture.

This Certificate is given without prejudice to any rights against any third parties which exist as of even date herewith or which may subsequently come into being.

ROYCEMORE SCHOOL

By: _____
Authorized Corporation Representative

EXHIBIT J

CONDITIONS FOR COMPLETION OF PROJECT

As a condition to completion in full of the Project, the Corporation shall promptly deliver to Bond Trustee and the Construction Monitor:

(a) A written certificate of **[Padolsky Northstar CORFAC International]** the Project architect or other representative satisfactory to Bond Trustee and Construction Monitor that construction of the Project has been fully completed in a good and workmanlike manner in accordance with the Plans and Specifications and that the Project has been fully equipped as contemplated hereunder; and

(b) A written report and endorsement by the Title Insurance Company insuring the Project and improvements against mechanics' and materialmen's liens; and

(c) A copy of an original permanent certificate of occupancy for each portion of the building constructed on the Mortgaged Property, and all other applicable certificates, licenses, consents and approvals issued by governmental authorities with respect to the Project and by the appropriate Board of Fire Underwriters or other similar bodies acting in and for the locality in which the Mortgaged Property are situated; and

(d) An as-built survey in form and by such surveyor as shall be acceptable to Bond Trustee and the Construction Monitor; and

(e) Current certificates of insurance evidencing compliance with Sections 3.9 and 3.10 of the Mortgage; and

(f) Such additional instruments, certificates and other documents as Bond Trustee and the Construction Monitor may reasonably request.

Appendix D

The Mortgage

[Follows on the Next Page]

**MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS AND LEASES**

by and between

ROYCEMORE SCHOOL,
an Illinois not for profit corporation,
as Mortgagor

and

WELLS FARGO BANK, N.A., as Bond Trustee,
as Mortgagee

Dated as of July 1, 2011

This instrument was prepared by and
upon recording return to:

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661
Attention: Maribel Mata Benedict, Esq.

**MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF RENTS AND LEASES**

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- Exhibit A – Description of Land
- Exhibit B – Permitted Encumbrances
- Exhibit C – Plans and Specifications

This Mortgage, Security Agreement and Assignment of Rents and Leases, dated as of July 1, 2011 (the "*Mortgage*"), is made by Roycemore School, an Illinois not for profit corporation, as mortgagor (the "*Mortgagor*"), for the benefit of Wells Fargo Bank, N.A., as Bond Trustee, and its successors or assigns, as mortgagee (the "*Mortgagee*").

WITNESSETH:

WHEREAS, (i) Mortgagor, as "*Borrower*," and the City of Evanston, Illinois (the "*City*") have entered into that certain Loan Agreement (the "*Loan Agreement*") dated as of the date hereof;

WHEREAS, pursuant to the terms of the Loan Agreement, the Mortgagor has executed and delivered to the City the Series 2011 Note;

WHEREAS, pursuant to that certain Bond Trust Indenture of even date herewith from the City to the Mortgagee, the City has assigned all of its rights in and to, among other things, the Loan Agreement and the Series 2011 Note to the mortgagee (other than the Unassigned Rights);

WHEREAS, the Mortgagor is the owner in fee simple of the real estate described in *Exhibit A* hereto (collectively, the "*Land*");

WHEREAS, the Mortgagor wishes to mortgage and assign to the Mortgagee its interest in the Land and other Mortgaged Property described herein as security for the prompt and complete performance, payment and satisfaction when due of all indebtedness, obligations, liabilities and amounts from time to time owing by the Mortgagor to the Mortgagee under or in connection with the Loan Agreement (collectively, the "*Secured Obligations*"), including, without limitation repayment of Bond Proceeds (as defined in the Loan Agreement) in the principal amount of Thirteen Million Five Hundred Ninety Thousand and 00/100 (\$13,590,000) relating to the Series 2011 Bonds (as defined in the Loan Agreement) which mature on July 1, 2041; and

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt whereof is hereby acknowledged, and in order to secure the payment and performance of the Secured Obligations, the Mortgagor has executed and delivered this Mortgage and by these presents does assign, bargain, grant, mortgage, warrant, convey, transfer, pledge, set over and confirm unto the Mortgagee and its successors and assigns forever, and grant a security interest thereunto in, all of the Mortgagor's right, title and interest in, to and under any and all of the following described property (herein called the "*Mortgaged Property*"), subject, however, to the Permitted Encumbrances:

GRANTING CLAUSES

DIVISION I

The Land described in *Exhibit A* hereto, together with the entire interest (whether now owned or hereafter acquired) in and to said Land and in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed

upon the Land, including all building materials (both on and off-site), building equipment and fixtures of every kind and nature whatsoever on the Land or in any building, structure or improvement now standing or hereafter constructed or placed thereon, and the reversion or reversions, and remainder or remainders, in and to the Land, and together with the entire interest of the Mortgagor in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to the Land, belonging or in any way appertaining thereto, and all right, title and interest of the Mortgagor in, to and under any streets, ways or alleys adjoining the Land or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Mortgagor either in law or in equity, in possession or expectancy of, in and to the Land, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or hereafter acquired by the Mortgagor and affixed to or attached to or placed on the Land shall be deemed to be, and shall be considered as, fixtures and appurtenances to said Land, together with all rents, income, issues and profits therefrom (collectively, the "*Mortgaged Land*");

DIVISION II

All of the machinery, equipment, furniture, spare parts, inventory, books, records, files, drawings, plans and specifications relating to improvements to the Mortgaged Property and other personal property, including all present and future attachments and accessories thereto and replacements thereof, all as defined in Article 9 of the Uniform Commercial Code, as amended, of Illinois owned by the Mortgagor, located on the Mortgaged Land and used or useful in connection with the Mortgaged Land (the "*Personal Property*");

DIVISION III

Any and all leases, subleases, licenses, concessions or grants of other possessory interests (written or oral) now or hereafter in force, covering or affecting the Mortgaged Property, or any part thereof or interest therein (collectively, the "*Leases*"), together with all rights, powers, privileges, options and other benefits of Mortgagor thereunder (but under no circumstances any liabilities, obligations or responsibilities thereunder), together with all of the rents, revenues, income, profits, deposits and other benefits payable under the Leases and/or otherwise arising from or out of the Mortgaged Property or out of the ownership, use, enjoyment or disposition of all or any portion of the Mortgaged Property or part thereof or interest therein (collectively, the "*Rents*");

DIVISION IV

All judgments, awards of damages, settlements and other compensation heretofore or hereafter made resulting from condemnation proceedings or the taking of the property described in Division I or any part thereof or any building or other improvement now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including without limitation any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof,

or to any rights appurtenant thereto, including without limitation severance and consequential damage, and any award for change of grade of streets (collectively, "*Condemnation Awards*");

DIVISION V

All of Mortgagor's right, title and interest, if any, in and to all rights of way, licenses, easements, agreements, hereditaments and appurtenances now in effect or hereinafter made relating to the Mortgaged Property and the development, construction, reconstruction, use, operation, management or leasing thereof;

DIVISION VI

To the extent assignable, all authorizations, licenses, certificates, variances, approvals and other permits relating to the Mortgaged Property, if and to the extent Mortgagor has an interest therein, or any part thereof (the "*Permits*");

DIVISION VII

Any and all other property of every kind and nature from time to time hereafter owned by the Mortgagor, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Mortgagor or by anyone on its behalf to the Mortgagee; and

DIVISION VIII

All proceeds of the foregoing, including without limitation insurance proceeds with respect to anything referred to in Division I through VII hereof.

To Have and To Hold all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Mortgagee, its successors and assigns forever; provided, however, that this Mortgage is upon the express condition that if the Mortgagor shall pay or cause to be paid the Secured Indebtedness and shall keep, perform and observe all and singular the covenants and promises in connection with the Secured Obligations expressed to be kept, performed and observed by the Mortgagor, then this Mortgage and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

The Mortgagor and the Mortgagee hereby further covenant and agree as follows:

ARTICLE I

DEFINITIONS

In addition to the words and terms elsewhere defined in this Mortgage, the following words and terms as used in this Mortgage shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Affiliate" means a corporation, partnership, joint venture, association, business trust or similar entity (a) which controls, is controlled by or is under common control with, directly or indirectly, the Mortgagor; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of the Mortgagor. For the purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "Directing Body" means with respect to: (a) a corporation having stock, such corporation's board of directors and the owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporation's directors (both of which groups shall be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; and (c) any other entity, its governing board or body. For the purposes of this definition, all references to directors and members shall be deemed to include all entities performing the function of directors or members however denominated.

"Capitalized Lease" means any lease of real or personal property which, in accordance with generally accepted accounting principles, is required to be capitalized on the balance sheet of the lessee.

"Collateral" has the meaning set forth in Section 3.20.

"Condemnation Awards" has the meaning set forth in Division III of the Granting Clauses.

"Construction Monitor" means KOW Building Consultants.

"Credit Documents" means the Loan Agreement and each note agreement, promissory note, mortgage, security agreement, loan document or other agreement evidencing, securing or governing the terms of the Indebtedness or any other financial obligation in connection with the transactions entered into pursuant to the Loan Agreement.

"Event of Default" has the meaning set forth in Section 4.1.

"Facilities" means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

"Governing Body" means, with respect to the Mortgagor or any Affiliate, the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

"Guaranty" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

"Hazardous Materials" has the meaning set forth in Article II(c).

"Indebtedness" means, for any Person, (a) all Guaranties by such Person, (b) all liabilities recorded or required to be recorded as such on the audited financial statements of such Person in accordance with generally accepted accounting principles, and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise.

"Land" means the Mortgaged Land (as defined herein).

"Lien" means, with respect to this Mortgage, any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Mortgaged Property of the Person involved in favor of, or which secures any obligation to, any Person other than the Mortgagor.

"Mortgage" means this Mortgage, Security Agreement and Assignment of Rents and Leases, as supplemented and amended from time to time.

"Mortgage Act" has the meaning set forth in Article II(e).

"Mortgaged Land" has the meaning set forth in Division I of the Granting Clauses.

"Mortgaged Property" means the property described in Divisions I through VIII of the Granting Clauses.

"Mortgagee" means Wells Fargo Bank, N.A. a national banking association, as Bond Trustee duly organized and validly existing under the laws of the United States.

“*Net Proceeds*” means, when used with respect to any insurance or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including reasonable attorney’s fees, adjuster’s fees and expenses of the Mortgagor or the Mortgagee) incurred in the collection of such gross proceeds.

“*Officer’s Certificate*” means a certificate signed, in the case of a certificate delivered by the Mortgagor, by the President, any Vice President, Executive Director, Chief Financial Officer or any other officer or agent authorized to sign by resolution of the Governing Body of the Mortgagor or in the case of a certificate delivered by any other organization, by the President, any Vice President, the Executive Director, Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person, in either case whose authority to execute such certificate shall be evidenced to the satisfaction of the Mortgagee.

“*Permitted Encumbrances*” means:

- (a) such Liens, covenants, conditions and restrictions, if any, as are set forth in *Exhibit B* to this Mortgage;
- (b) leases which relate to Mortgaged Property of a type that is customarily the subject of such leases, such as food service facilities for students, visitors or employees, other similar specialty services and similar departments;
- (c) liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 3.8 hereof;
- (d) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Mortgaged Property affected thereby;
- (e) zoning laws and similar restrictions which are not violated by the Mortgaged Property affected thereby;
- (f) all right, title and interest of the state where the Mortgaged Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;
- (g) liens on assets with an aggregate book value of not in excess of \$50,000.

“*Person*” means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

“*Personal Property*” has the meaning set forth in Division II of the Granting Clauses.

"Primary Obligor" means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.

"Secured Indebtedness" means the amounts payable under the Credit Documents, and any other amounts payable under this Mortgage.

"Secured Obligations" has the meaning set forth in the preamble hereto.

"State" means the State of Illinois.

"Taxes" has the meaning set forth in Section 3.7.

"Uniform Commercial Code" means the Illinois Uniform Commercial Code, 810 ILCS 5/1-101 *et seq.*

"Written Request" means a request in writing signed by the Head of School, Director of Finance and Operations or Treasurer of the Mortgagor or an Affiliate, or any other officers designated by the Mortgagor in writing, as the case may be.

The other capitalized terms used in this Mortgage but not defined herein shall have the same meanings as set forth in the Loan Agreement. All accounting terms not otherwise defined in the Loan Agreement or herein shall have the meanings assigned to them in accordance with generally accepted accounting principles.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Mortgage as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Mortgagor makes the following representations and warranties as the basis for its covenants herein:

(a) It is a not for profit corporation duly incorporated under the laws of the State, is in good standing and duly authorized to conduct its business in the State, is duly authorized and has full power under the laws of the State and all other applicable provisions of law and its articles of incorporation and bylaws to create, issue, enter into, execute and deliver this Mortgage, and all action on its part necessary for the valid execution and delivery of this Mortgage has been duly and effectively taken.

(b) The execution and delivery of this Mortgage, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate restriction or of any agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any Lien, charge or encumbrance of any nature upon any of its Property except for Permitted Encumbrances. The Mortgagor has good and marketable fee simple title to the Mortgaged Land and is the lawful owner and is now lawfully seized and possessed of the Mortgaged Property (other than that not presently in existence), free and clear of all Liens whatsoever except Permitted Encumbrances. The Mortgagor has full power and lawful authority to mortgage and grant a security interest in the Mortgaged Property to the Mortgagee and will preserve, warrant and defend the same unto the Mortgagee against the claims of all persons and parties. This Mortgage constitutes (i) a valid first mortgage lien upon the Mortgaged Land, including the fixtures, subject only to Permitted Encumbrances, (ii) a security interest in the Personal Property, which security interest is (a) perfected to the extent the same may be perfected by filing under the Uniform Commercial Code and (b) prior to any other security interest in such Personal Property, subject only to Permitted Encumbrances, (iii) a valid senior position unconditional assignment of the Rents and Leases, and (iv) a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms. The easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments on adjoining real estate which are Permitted Encumbrances, if any, now existing with respect to the Land do not and will not materially adversely affect the value of the Facilities or the Mortgaged Property currently affected thereby, or materially impair or materially interfere with the operation and usefulness thereof for the purpose for which they were acquired or are held by the Mortgagor.

(c) To the best knowledge of Mortgagor, after due inquiry except with respect to de minimus amounts of Hazardous Materials (defined below) used, handled, stored and disposed of in the ordinary course of business and in accordance with applicable law, (i) neither the Mortgagor, nor any lessee nor any previous owner, tenant, occupant or user of the Mortgaged Land and Personal Property, has used, generated, released, discharged, stored or disposed of, or is using, generating, releasing, discharging, storing or disposing of, any Hazardous Materials (as defined below) on, under or in the Mortgaged Land and Personal Property, or has transported, or is transporting, any Hazardous Materials to or from the Mortgaged Land and Personal Property, and (ii) no Hazardous Materials are present on the Mortgaged Land and Personal Property. The Mortgagor shall not, except in accordance with applicable law, cause, suffer to exist or permit the presence, use, generation, release, discharge, storage or disposal of any Hazardous Materials on, under or in, or the transportation of any Hazardous Materials to or from, the Mortgaged Land and Personal Property. The term "Hazardous Materials" shall include any flammable materials, explosives, radioactive materials, hazardous materials, petroleum, asbestos, polychlorinated biphenyls, hazardous waste, hazardous or toxic substances or related materials described in the Clean Water Act, 33 U.S.C. §1251 *et seq.* (33 U.S.C. §1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. §1317), or described in the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903), the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.* (42 U.S.C. §9601), the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.* (15 U.S.C. §2605), or under any other applicable federal, state or local environmental law, ordinance, rule or regulation.

(d) The Mortgaged Land and Personal Property and the intended use thereof comply with applicable laws, ordinances, governmental rules and regulations and the terms of any final judgment or order by any federal, State, regional or local governmental agency, including, without limitation, all applicable federal, State and local laws pertaining to air and water quality, hazardous waste, waste disposal, underground storage tanks, and other environmental matters, including, but not limited to, the Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation and Recovery and Comprehensive Environmental Response, Compensation and Liability Acts, and the rules, regulations and ordinances of all applicable federal, State and local agencies and bureaus (collectively, the "*Applicable Environmental Regulations*"). The Mortgagor covenants that the Mortgaged Land and Personal Property and its use shall at all times comply with all Applicable Environmental Regulations.

(e) (i) The proceeds secured by this Mortgage will be used for the purposes specified in 815 ILCS 205/4(1)(a) and that the Secured Indebtedness constitutes a business loan which comes within the purview of said 815 ILCS 205/4(1)(a); and (ii) the Mortgaged Property does not include agricultural real estate, as defined in Section 15-1201 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq. (as amended from time to time, the "*Mortgage Act*") or residential real estate, as defined in Section 15-1219 of the Mortgage Act.

(f) Mortgagor has obtained (or will obtain at the appropriate stage of construction and operation of the Project) all approvals, licenses and permits of all governmental authorities for the construction and operation of the Project, including any building permits, subdivision approvals, zoning variances or conditional/special use permits.

(g) Mortgagor's representations and warranties in the Construction Documents, if any, are true and correct, and it has furnished the Lender a true and correct copy of all the Construction Documents as in effect on the date hereof.

(h) The copies of the plans and specifications prepared for construction of the Project have been delivered to Mortgagee (the "*Plans and Specifications*") and are described on *Exhibit C* attached hereto and made a part hereof. The term "Plans and Specifications" as used herein shall also refer to modifications or substitutions after the date hereof submitted to Mortgagee and the Construction Monitor in advance and satisfying the provisions of Section 5.2 of the Loan Agreement. The Plans and Specifications: (a) are true and correct, (b) are satisfactory to Mortgagor, (c) have been approved by all governmental authorities having or claiming jurisdiction of the Mortgaged Property or the Project and (d) show that the Project will be constructed entirely within the bounds of the Mortgaged Land.

(i) Any construction heretofore performed on the Project has been performed in accordance with the Plans and Specifications. There are no structural defects in the Project; no violation of any applicable law, ordinance, order, rule or regulation exists; and the construction and use of the Mortgaged Property for the Project shall not constitute a violation of any applicable zoning, environmental, building code, subdivision or land use laws, ordinances, orders, rules or regulations.

Each and all of the representations and warranties contained herein shall survive the execution and delivery of the Credit Documents and the consummation of the loan called for therein, and shall continue in full force and effect until the Secured Obligations shall have been satisfied and paid in full.

ARTICLE III

GENERAL COVENANTS AND AGREEMENTS

Section 3.1 General Covenants. Each and all of the representations, warranties, terms, provisions, restrictions, covenants and agreements set forth in the Credit Documents, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, are incorporated herein by reference to the same extent as though each and all of said representations, warranties, terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Credit Documents were fully set out in an amendment or supplement to this Mortgage; and the Mortgagor hereby covenants and agrees well and truly to abide by, perform and be governed and restricted by each and all of the matters provided for by the Credit Documents and so incorporated herein to the same extent and with the same force and effect as if each and all of said representations, warranties, terms, provisions, restrictions, covenants and agreements so incorporated hereby by reference were set out and repeated herein at length. Without limiting the foregoing, the Mortgagor covenants and agrees to pay all taxes, assessments and governmental charges or levies imposed upon this Mortgage, the Secured Indebtedness or any other indebtedness secured hereby and such amounts shall constitute so much additional indebtedness secured hereby.

Section 3.2 Further Assurances; After-Acquired Property.

(a) The Mortgagor will execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and all such further acts, deeds, conveyances, mortgages, assignments, instruments, transfers and assurances as the Mortgagee reasonably may require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Mortgagee all and singular the Mortgaged Property as now or hereafter constituted.

(b) All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof hereafter constructed or acquired by the Mortgagor, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien and security interest of this Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Mortgagee all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Mortgage.

Section 3.3 Payment of Principal, Premium, if any, and Interest. The Mortgagor will duly and punctually pay the reimbursement obligations, principal of, premium, if any, and interest with respect to the Secured Obligations according to the terms of the Credit Documents.

Section 3.4 Maintenance of Lien; Recording.

(a) The Mortgagor will, at its own expense, take all necessary action to maintain and preserve the lien and security interest of this Mortgage as a first priority lien and security interest in the Mortgaged Property, subject only to Permitted Encumbrances, so long as the Secured Obligations are outstanding.

(b) The Mortgagor will, forthwith after the execution and delivery of this Mortgage and thereafter from time to time, cause this Mortgage and the Credit Documents (including any amendments thereto and supplements thereof) and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect the lien and security interest hereof upon, and the title of the Mortgagor to, the Mortgaged Property, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be requested by the Mortgagee for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Mortgagor will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal and State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and such instruments of further assurance.

Section 3.5 Maintenance, Repair, Restoration, Liens. The Mortgagor shall (a) not create or permit to be created or remain and, at its cost and expense, promptly (and in any event within thirty (30) days of the creation of same) discharge or terminate all Liens on the Mortgaged Property or any part thereof which are not Permitted Encumbrances by payment, deposit, bond, final order of a court of competent jurisdiction or otherwise, and promptly exhibit to the Mortgagee satisfactory evidence of the discharge of such Lien; (b) comply with all requirements of law, municipal ordinances, and restrictions and covenants of record with respect to the Mortgaged Property or the use thereof; (c) suffer or permit no unlawful use of, or nuisance to exist upon, the Mortgaged Property; and (d) cause the Mortgaged Property to be managed in a competent and professional manner. Notwithstanding the provisions herein, Mortgagor shall have the right to contest certain liens pursuant to Section 3.8.

Section 3.6 Priority of Lien. It is further made an express condition and covenant hereof, that while this Mortgage is in effect, the lien of this Mortgage shall extend to any and all improvements and fixtures owned by the Mortgagor, now or hereafter on the Mortgaged Property, prior to any other lien thereon that may be claimed by any Person, so that subsequently accruing claims for liens on the Mortgaged Property shall be junior to this Mortgage, except for Permitted Encumbrances.

Section 3.7 Taxes. The Mortgagor shall pay or cause to be paid, before the date due, all taxes, levies, assessments and charges on account of the ownership, use, occupancy or operation of the Mortgaged Property, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric, light, power or other utility charges assessed or charged on or against the Mortgaged Property or on account of its use or occupancy thereof or the activities conducted thereon or therein (collectively, the "Taxes"), subject to Mortgagor's right to contest such payment pursuant to Section 3.8. If under applicable law any such tax, levy, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, the Mortgagor may exercise such option. The Mortgagor shall, upon written request, furnish to the Mortgagee duplicate receipts therefor.

Section 3.8 Right to Contest. The Mortgagor shall not be required to pay any Taxes so long as the Mortgagor shall contest, in good faith and at its cost and expense, in its own name and behalf, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the Taxes so contested, and the sale, forfeiture, or loss of its Property or any part thereof, provided, that no such contest shall subject Mortgagee to the risk of any liability and Mortgagee shall have the right to require security therefor in form and amount sufficient in Mortgagee's sole judgment to protect it from loss and/or liability. While any such matters are pending, the Mortgagor shall not be required to pay, remove or cause to be discharged the Taxes being contested, unless the Mortgagor agrees to settle such contest and payments under such settlement agreement are deemed to be due and payable. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Mortgagor to settle such contest), and in any event the Mortgagor will save Mortgagee harmless from and against all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith. The Mortgagor shall give the Mortgagee prompt written notice of any such contest.

Section 3.9 Insurance Coverage The Mortgagor shall keep the Mortgaged Property adequately insured at all times and shall maintain with responsible insurers with respect to its buildings and improvements and operations insurance of such types, in such amounts and against such risks as are customarily maintained by persons in similar circumstances having buildings and improvements of a comparable type and size and offering comparable services as those of the Mortgagor, including (without limitation) the following insurance: (i) full fire and extended coverage insurance and boiler insurance on the building and improvements providing for not less than full recovery of the insurable replacement cost (less reasonable deductibles and exclusions) of any damaged property; (ii) during any period of construction, Builder's Risk coverage on a replacement cost basis on a Completed Value Form; (iii) public liability and property damage insurance, including (without limitation) business automobile liability insurance, in amounts estimated to fully indemnify (less reasonable deductibles and exclusions) the Mortgagor and the Mortgagee against the estimated loss or damage; and (iv) fidelity, comprehensive dishonesty, disappearance and destruction insurance. In addition, the Mortgagor shall obtain and maintain "use and occupancy" insurance or "business interruption" insurance

covering the loss of revenues attributable to the buildings and improvements by reason of the total or partial suspension of or interruption in the operation of the buildings and improvements caused by damage to or destruction of the buildings and improvements in an amount not less than the amount required to meet the Debt Service Requirements of all outstanding Indebtedness for a period of not less than one year.

(b) The Mortgagor shall furnish to the Mortgagee certificates of insurance for all policies of insurance carried with respect to the Mortgagor, the buildings and improvements and the operation, maintenance and administration of the buildings and improvements, not later than 30 days prior to the expiration of the then existing policy. If any change occurs in any such insurance coverage, the Mortgagor shall so notify the Mortgagee the time of such change.

(c) The Mortgagor shall employ at the expense of the Mortgagor from time to time, within 30 days of demand therefor upon the Mortgagor by the Mortgagee, an Insurance Consultant, acceptable to the Mortgagee, for the purpose of reviewing the insurance coverage of, and the insurance required for, the Mortgagor and making recommendations respecting the types, amounts and provisions of insurance that should be carried with respect to the Mortgagor and the buildings and improvements, the construction and acquisition of the Project and any other capital improvements and the operation, maintenance and administration of the buildings and improvements. A signed copy of any report of the Insurance Consultant shall be filed with the Mortgagee for such action as may be deemed appropriate. The Mortgagee may require the Mortgagor to increase or otherwise modify the kinds and amounts of insurance maintained by the Mortgagor to the extent that such increase or modification is based upon the recommendations of the Insurance Consultant and results in substantially the same coverage as is customarily maintained by persons in similar circumstances having buildings and improvements of a comparable size and offering comparable services as those of the Mortgagor.

(d) Policies of insurance with respect to the buildings and improvements and the operation of the buildings and improvements shall provide that the insurer shall give at least 30 days' prior notice in writing to the Mortgagee and the Mortgagee of cancellation, termination or modification.

(e) The Mortgagee shall have the sole right to receive the proceeds of any policies of insurance required to be maintained in accordance with this Mortgage other than any public liability and property damage insurance and workers' compensation or other employer's liability insurance.

(f) In connection with the construction, maintenance, use, operation and repair of the buildings and improvements, the Mortgagor shall comply with all reasonable requirements of any insurer writing any policy of insurance.

(g) If at any time the Mortgagor fails to procure or maintain any insurance required by this Section, the Mortgagee may procure and maintain such insurance at the expense of the Mortgagor, and the Mortgagor shall reimburse the Mortgagee for all amounts expended in connection therewith.

(h) The Mortgagee shall be entitled to rely upon any opinions, letters, certifications, recommendations and reports provided in accordance with this Section and shall have no responsibility or duty to conduct any independent inquiry or investigation as to the adequacy or enforceability of any insurance procured or maintained by the Mortgagor or as to whether the Mortgagor has in fact procured and maintained the insurance required under this Section. No acceptance or approval of any insurance policy by the Mortgagee shall relieve or release the Mortgagor from any liability, duty or obligation under the provisions of this Mortgage.

Section 3.10 Insurance Policy and Certificate Requirements. All insurance companies must have a Policy Rating of "A" and a Financial Rating of "VII" from AM Best's Rating Guide. Mortgagee must be named as an additional insured for all general liability coverage. All property insurance policies shall contain a standard mortgage clause in favor of Mortgagee and shall provide for a thirty (30) day written notice to Mortgagee of any material change or cancellation.

Section 3.11 Damage or Destruction.

(a) The Mortgagor agrees to notify the Mortgagee immediately in the case of the destruction of the Mortgaged Property or any material portion thereof as a result of fire or other casualty, or any material damage to such Mortgaged Property or portion thereof as a result of fire or other casualty. The Mortgagor hereby irrevocably assigns to the Mortgagee, as its interests may appear, all right, title and interest in and to any Net Proceeds relating to any damage or destruction. Such Net Proceeds shall be initially paid to the Mortgagee for disbursement or use as hereinafter provided. If such Net Proceeds do not exceed \$250,000, and provided no Event of Default or circumstance which, with the passage of time, the giving of notice, or both, would constitute an Event of Default, such Net Proceeds may be paid directly to the Mortgagor. The Mortgagor covenants that it will expend or contract to expend an amount not less than the amount of any such Net Proceeds within twelve (12) months after receipt thereof to (i) repair, replace or restore the damaged or destroyed Facilities, or (ii) prepay the Secured Indebtedness or repay the principal portion of any Indebtedness incurred to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

(b) In the event such Net Proceeds exceed \$250,000, the Mortgagor shall within 6 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Mortgagee one of the following three options:

(i) Option A – Repair and Restoration. The Mortgagor may elect to replace, repair, reconstruct or restore any of the Mortgagor's Facilities or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event an amount equal to the Net Proceeds of any insurance relating thereto shall be deposited, when received, with the Mortgagee and the Mortgagor shall proceed forthwith to replace, repair, reconstruct or restore its Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Mortgagee to the payment or reimbursement of the costs of such replacement, repair, reconstruction or restoration or to the repayment of such Indebtedness. So long as the Mortgagor is not in default hereunder, any Net Proceeds of insurance relating to such damage or destruction

received by the Mortgagee shall be released from time to time by the Mortgagee to the Mortgagor upon the receipt by the Mortgagee of:

(A) the Written Request of the Mortgagor specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration, improvement or acquisition and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

(B) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request (solely as to the sufficiency of the expenditures requested by the Mortgagor to complete such replacement, repair, reconstruction, restoration, improvement or acquisition) by an architect unaffiliated with the Mortgagor.

It is further understood and agreed that in the event the Mortgagor shall elect this Option A, the Mortgagor shall complete the replacement, repair, reconstruction or restoration of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(ii) Option B – Prepayment of Secured Obligations. Subject to the obligations of the Mortgagor under this Article III, the Mortgagor may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Secured Obligations. In such event the Mortgagor shall, in its notice of election to the Mortgagee, direct the Mortgagee to apply such Net Proceeds, when and as received, to the prepayment of the Secured Obligations.

(iii) Option C – Partial Restoration and Partial Prepayment of Secured Obligations. The Mortgagor may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Mortgagor's Facilities or the acquisition of additional Facilities or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay the Secured Obligations, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (i) of this Section 3.11(b) and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (ii) of this Section 3.11(b). Notwithstanding the foregoing, if Mortgagor elects this Option C, Mortgagor shall restore the Facilities to the condition such Facilities were in at the time of such fire, casualty or other damage.

(c) The Mortgagor shall engage the services of a construction monitor at its sole cost and expense to review and approve all related contracts, plans and requisitions and to oversee the repairs and restoration of the Mortgagor's Facilities pursuant to Option A and Option C above.

(d) The Mortgagor shall provide the Mortgagee satisfactory evidence that it has sufficient funds to repair and restore the Facilities pursuant to Option A and Option C above.

Section 3.12 Condemnation.

(a) The Mortgagee shall cooperate fully with the Mortgagor in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. The Mortgagor hereby irrevocably assigns to the Mortgagee, as its interests may appear, all right, title and interest of the Mortgagor in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an "award"). The Mortgagor covenants that it will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 12 months of the receipt thereof to (i) restore, replace or repair the condemned Facilities, or (ii) prepay the Secured Obligations or repay the principal portion of the Indebtedness incurred to so restore, replace or repair.

(b) The Mortgagor shall within 6 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Mortgagee one of the following three options:

(i) Option A – Repair and Restoration. The Mortgagor may elect to use the Net Proceeds of the award for restoration or replacement of the Mortgagor's Facilities or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as the Mortgagor is not in default hereunder, the Mortgagor shall have the right to receive such Net Proceeds from the Mortgagee from time to time upon the receipt by the Mortgagee of:

(A) the Written Request of the Mortgagor specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction or restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

(B) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request (solely as to the sufficiency of the expenditures requested by the Mortgagor to complete such replacement, repair, reconstruction, or restoration) by an architect unaffiliated with the Mortgagor.

(ii) Option B – Prepayment of Secured Obligations. Subject to the obligations of the Mortgagor under this Article III, the Mortgagor may elect to have all of the Net Proceeds of the award applied to the prepayment of the Secured Obligations. In such event the Mortgagor shall, in its notice of election to the Mortgagee, direct the Mortgagee to apply such Net Proceeds, when and as received, to the prepayment of the Secured Obligations.

(iii) Option C – Partial Restoration and Partial Prepayment of Secured Obligations. The Mortgagor may elect to have a portion of such Net Proceeds of the award applied to the replacement, repair and restoration of the Mortgagor's Facilities or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay the Secured Obligations, in which event such Net Proceeds to be used for replacement, repair and restoration shall be applied as set forth in subparagraph (i) of this Section 3.12(b) and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (ii) of this Section 3.12(b). Notwithstanding the foregoing, if Mortgagor elects this Option C, Mortgagor shall, to the extent possible, restore and repair the Facilities so that the Facilities remain usable for the purposes permitted by the terms of the Credit Documents.

(c) The Mortgagor shall engage the services of a construction monitor at its sole cost and expense to review and approve all related contracts, plans and requisitions and to oversee the repairs and restoration of the Mortgagor's Facilities pursuant to Option A and Option C above.

(d) The Mortgagor shall provide the Mortgagee satisfactory evidence that it has sufficient funds to repair and restore the Facilities pursuant to Option A and Option C above.

Section 3.13 Hazardous Materials.

(a) The Mortgagor hereby indemnifies the Mortgagee and its owners, officers, directors, affiliates, agents or employees ("*Mortgagee Indemnites*"), and agrees to hold the Mortgagee and the Mortgagee Indemnites harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, including without limitation reasonable attorneys fees and expenses incurred or suffered by, or asserted against, the Mortgagee or any Mortgagee Indemnites for, with respect to, or as a direct or indirect result of, (i) the presence on or under or the escape, seepage, leakage, spillage, discharge, emission, discharging, or release from, the Mortgaged Property of any Hazardous Materials (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other present or future Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning, any Hazardous Materials or the protection of the environment), regardless of whether or not caused by, or within the control of, the Mortgagor, unless resulting solely from the gross negligence or willful misconduct of the Mortgagee or the Mortgagee Indemnites; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Waste; (iii) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Waste; (iv) any violation of laws, orders, regulations, requirements, or demands of government authority relating to Hazardous Waste at, or discharged from, the Property; or (v) any breach or default by Mortgagor of any of its representations, warranties and agreements under this Section 3.13. Notwithstanding any provision herein to the contrary, the provisions of this Section 3.13(a) shall continue after the Mortgagor satisfies the Secured Obligations and shall survive the resignation or removal of the Mortgagee.

(b) The Mortgagor shall at all times and in all respects be in compliance with all applicable Environmental Laws. The Mortgagor's duty of compliance with applicable Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (i) the Mortgagor will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required by all applicable Environmental Laws, including without limitation, permits required for the discharge of (appropriately treated) Hazardous Materials into the ambient air or any sanitary sewers serving the Land, (ii) except as discharged into the ambient air or a sanitary sewer in compliance with all applicable Environmental Laws, all Hazardous Materials to be treated and/or disposed of by the Mortgagor will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on site treatment, disposal in a sanitary landfill or handling by non-licensed personnel).

Section 3.14 Stamp Tax. If, by the laws of the United States of America, or of any state or municipality having jurisdiction over the Mortgagor or the Mortgaged Property, any tax is imposed or becomes due in respect of the Secured Indebtedness, the Mortgagor shall pay such tax in the manner required by such law.

Section 3.15 Effect of Extensions of Time and Amendments. If the payment of the Secured Indebtedness, or any part thereof, be extended or varied, or if any part of the security therefor be released, all Persons now or at any time hereafter liable therefor, or interested in the Mortgaged Property, shall be held to assent to such extension, variation, or release; and their liability, and the lien, and all provisions hereof, shall continue in full force and effect; the right of recourse against all such Persons being expressly reserved by the Mortgagee, notwithstanding any such extension, variation, or release. Any Person, firm, or corporation taking a junior mortgage or other lien upon the Mortgaged Property or any interest therein shall take the said lien subject to the rights of the Mortgagee to amend, modify, and supplement this Mortgage, the Secured Obligations and the Credit Documents and to extend the maturity of the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien of this Mortgage losing its priority over the rights of any such junior lien.

Section 3.16 Mortgagee's Performance of the Mortgagor's Obligation. When any Event of Default has occurred and is continuing, the Mortgagee, either before or after acceleration of the indebtedness secured hereby or the foreclosure of the lien hereof and during any period of redemption may, but shall not be required to, make any payment or perform any act herein required of the Mortgagor in any form and manner deemed expedient to the Mortgagee; and the Mortgagee may, but shall not be required to, make full or partial payments of principal or interest on any prior encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Mortgaged Property or contest any tax or assessment, and may, but shall not be required to, complete construction, rehabilitation, furnishing, and equipping of the improvements upon the Land and rent, operate and manage the Mortgaged Property and such improvements and pay operating costs and expenses, including without limitation management fees, of every kind and nature in connection therewith, so that the Mortgaged Property and improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes

herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees and expenses and other monies advanced by the Mortgagee to protect the Mortgaged Property and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Mortgaged Property and such improvements or to pay any such operating costs and expenses thereof or to keep the Mortgaged Property and improvements operational and usable for their intended purpose, shall be so much additional indebtedness secured hereby, and shall become immediately due and payable without notice, and with interest thereon at the prime rate of the Mortgagee plus 5% per annum. Inaction of the Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of the Mortgagor. The Mortgagee, in making any payment hereby authorized (a) relating to Taxes, may do so according to any bill, statement, or estimate, without inquiry into the validity of any Taxes, sale, forfeiture, tax lien, or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction, rehabilitation, furnishing or equipping of the improvements or the rental, operation or management of the Mortgaged Property or the payment of operating costs and expenses thereof, may do so in such amounts and to such Persons as the Mortgagee may deem appropriate.

Section 3.17 Inspection of Mortgaged Property and Records. The Mortgagee shall have the right to inspect the Mortgaged Property and all books, records and documents relating thereto at all reasonable business hours, with reasonable notice, and access thereto shall be permitted for that purpose. Mortgagor covenants and agrees that Mortgagee and its representatives and the Construction Monitor shall at all reasonable times have the right to enter the Mortgaged Property for the purpose of inspecting the progress of work and materials thereon, and examining all detailed plans, drawings, specifications and any books or records relating to the Mortgaged Property and the Project.

Section 3.18 Restrictions on Transfer. It shall be an Event of Default hereunder if (i) the Mortgagor shall create, effect, consent to or suffer or permit any conveyance, sale, assignment, lease, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Mortgaged Land or any part thereof or interest therein, other than Permitted Encumbrances, or (ii) any action is brought to foreclose or enforce any Lien or other lien with respect to the Mortgaged Land, provided that the commencement of any such action shall not constitute an Event of Default hereunder so long as the Mortgagor shall contest such action in accordance with Section 3.8.

Section 3.19 Mortgagor's Right of Possession. So long as the Mortgagor is in full compliance with the terms and provisions of this Mortgage and the Credit Documents, the Mortgagor shall be suffered and permitted to possess, use and enjoy the properties and appurtenances constituting the Mortgaged Property.

Section 3.20 Illinois Uniform Commercial Code. This Mortgage constitutes a security agreement under the Uniform Commercial Code with respect to any part of the Mortgaged Property which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (all for the purposes of this Section 3.20 called "*Collateral*"); all of the terms, provisions, conditions and agreements contained in this

Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Mortgaged Property; and the following provisions of this Section 3.20 shall not limit the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

(a) The Mortgagor (being the "debtor" as that term is used in the Uniform Commercial Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than Permitted Encumbrances.

(b) The Collateral is to be used by the Mortgagor solely for corporate purposes of the Mortgagor, being installed upon the Mortgaged Property for the Mortgagor's own use or as the equipment and furnishings furnished by the Mortgagor, as landlord, to tenants of the Mortgaged Property.

(c) The Personal Property will be kept at the Land comprised within the Mortgaged Property, and will not be removed therefrom except with the consent of the Mortgagee (being the "secured party" as that term is used in the Uniform Commercial Code) which consent shall not be unreasonably withheld, and the Collateral may be affixed to such real estate but will not be affixed to any other real estate.

(d) No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office (other than financing statements with respect to Permitted Encumbrances); and the Mortgagor will at its own cost and expense, upon demand, furnish to the Mortgagee such further information, execute and deliver to the Mortgagee such financing statements and other documents in form satisfactory to the Mortgagee, and do all such acts and things as the Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Secured Indebtedness, subject to no liens, charges or encumbrances other than Permitted Encumbrances. The Mortgagor will at its own cost and expense pay the cost of filing or recording such financing statements or other documents and this instrument in all public offices wherever filing or recording is deemed by the Mortgagee to be necessary or desirable.

(e) Mortgagor authorizes Mortgagee and its agents to file one or more initial financing statements and/or amendments thereto in such jurisdictions as Mortgagee may desire covering the Collateral and all products and proceeds thereof, and Mortgagor ratifies, confirms, authenticates and authorizes any such financing statements and/or amendments heretofore filed. Mortgagor represents, warrants and covenants that its legal name and jurisdiction of organization set forth in the first paragraph of this Mortgage are true and correct in all respects, and that it shall not change its name, legal structure or jurisdiction of organization during the term of this Mortgage without the prior written consent of the Mortgagee.

(f) Upon any Event of Default hereunder and the continuance thereof, the Mortgagee at its option may declare the Secured Indebtedness immediately due and payable, all as more fully described in Article IV hereof, and thereupon the Mortgagee shall have the remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, with or without judicial process, enter without breach of the peace upon

any place that the Collateral or any part thereof may be situated and remove the same therefrom (provided that if Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Uniform Commercial Code); and the Mortgagee shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral. The Mortgagee, without removal, may render the Collateral unusable and dispose of the Collateral on the Mortgaged Property. The Mortgagee may require the Mortgagor to assemble the Collateral and make it available to the Mortgagee for its possession at a place to be designated by the Mortgagee. The Mortgagee will give the Mortgagor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by first class mail, postage prepaid, to the address of the Mortgagor shown in this Mortgage or in the Mortgagee's records at least ten (10) days before the time of the sale or other disposition. The Mortgagee may buy at any public sale, and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, the Mortgagee may buy at private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the real estate comprised within the Mortgaged Property, the Collateral and real estate to be sold as one lot if the Mortgagee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses or retaking, holding, preparing for sale, selling or the like and reasonable attorney's fees and legal expenses incurred by the Mortgagee, shall be applied against the Secured Indebtedness.

(g) The remedies of the Mortgagee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code shall not be construed as a waiver of any of the other remedies of the Mortgagee, including having the Collateral deemed part of the realty upon any foreclosure thereof so long as any part of the Secured Indebtedness remains unsatisfied.

(h) The terms and provisions contained in this Section 3.20 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Uniform Commercial Code.

(i) This Mortgage is intended to be a financing statement within the purview of Section 9-402(6) of the Uniform Commercial Code with respect to the Collateral and the goods described at the beginning of this Mortgage, which goods are or are to become fixtures relating to the Mortgaged Property. The addresses of the Mortgagor (Debtor) and the Mortgagee (Secured Party) are set forth in Section 5.3 hereof. This Mortgage is to be filed for record with the recorder's office of the county where the Mortgaged Property is located.

Section 3.21 Assignment of Leases, Rents, and Contracts. The Mortgagor hereby bargains, sells, transfers, assigns, conveys, and delivers to the Mortgagee all of the Mortgagor's right, title, and interest in all of the Leases and Rents as further security for the payment of the Secured Indebtedness. This assignment is absolute and is effective immediately. Notwithstanding the foregoing, until a notice is sent to the Mortgagor in writing that an Event of Default or an event that with notice or passage of time or both might become an Event of Default has occurred under the terms and conditions of this Mortgage (a "Notice"), the Mortgagor shall have a license to receive, collect and enjoy the Rents accruing from the Mortgaged Property.

If any Event of Default or event that with notice or passage of time or both might become an Event of Default occurs hereunder, at its option, the Mortgagee may receive and collect all such Rents as they become due, from the Mortgaged Property and under any and all Leases of all or any part of the Mortgaged Property. The Mortgagee shall thereafter continue to receive and collect all such Rents, as long as such default(s) shall exist, and during the pendency of any foreclosure proceedings.

The Mortgagee is hereby vested with full power to use all measures, legal and equitable, it may deem necessary or proper to enforce this assignment and to collect the Rents assigned hereunder, including the right of the Mortgagee or its designee to enter upon the Mortgaged Property, or any part thereof, with or without process of law, take possession (to the extent permitted by law) of all or any part of the Mortgaged Property and all personal property, fixtures, documents, books, records, papers, and accounts of the Mortgagor relating thereto, and exclude the Mortgagor and its agents and servants wholly therefrom. The Mortgagor hereby grants full power and authority to the Mortgagee to exercise all rights, privileges, and powers herein granted at any and all times, without further notice to the Mortgagor, with full power to use and apply all of the Rents herein assigned to the payment of the costs of managing and operating the Mortgaged Property and of the Secured Indebtedness. The Mortgagee shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of the Mortgagor in the Leases. This assignment shall not operate to place responsibility for the control, care, management, or repair of the Mortgaged Property, or parts thereof, upon the Mortgagee, nor shall it operate to make the Mortgagee liable for the performance of any of the terms and conditions of any of the Leases, for any waste of the Mortgaged Property by any lessee under any of the Leases or any other person, for any dangerous or defective condition of the Mortgaged Property, or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in loss, injury, or death to any lessee, licensee, employee, or stranger.

The assignment under this Section is given as a primary pledge and assignment of the rights described herein and such assignment shall not be deemed secondary to the security interest and mortgage granted by the Mortgagor in the Mortgaged Property. The Mortgagee shall have the right to exercise any rights under this Section before, together with, or after exercising any other rights under this Mortgage. Nothing herein shall be deemed to obligate the Mortgagee to perform or discharge any obligation, duty, or liability of the Mortgagor under this assignment, and the Mortgagor shall and does hereby indemnify and hold the Mortgagee harmless from any and all cost (including without limitation reasonable attorneys' fees and legal expenses), liability, loss, or damage which the Mortgagee may or might incur by reason of this assignment; and any and all such cost, liability, loss, or damage incurred by the Mortgagee, including reasonable attorney's fees and expenses incurred by the Mortgagee in the defense of any claims or demands therefor (whether successful or not), shall be so much additional Secured Indebtedness, and the Mortgagor shall reimburse the Mortgagee therefor on demand, together with interest at the prime rate of the Mortgagee plus 5% per annum.

Section 3.22 Construction. Mortgagor shall diligently and continuously from the date hereof carry out construction of the Project and shall cause the Project to be completed

in all respects and made ready for occupancy and use in accordance with the Plans and Specifications on or before August 1, 2012 (the "*Outside Completion Date*"). Mortgagor hereby represents and warrants to Mortgagee that any buildings, structures and improvements now or hereafter constructed on the Mortgaged Property shall be completed in a good and workmanlike manner by a general contractor of recognized skill, competence and integrity using first-class materials, in accordance with all applicable governmental laws, regulations and requirements. Mortgagor hereby covenants and agrees to correct any defects or faults in said improvements, and to pursue diligently any remedies or recourse which Mortgagor may have under agreements, warranties and guarantees related to the construction thereof. Mortgagor hereby assigns to Mortgagee any such warranties or guarantees to the full extent assignable.

Section 3.23 Materials. Mortgagor covenants and agrees not to use in connection with the construction of the Project any materials, fixtures, furnishings, or equipment intended to become part of the Project which are purchased upon lease or conditional bill of sale or purchase money security agreements, or to which Mortgagor does not have absolute or unencumbered title, or any other arrangements wherein title to or a security interest in such property is retained or the right is reserved or accrues to anyone to remove or repossess any such property, and Mortgagor further covenants and agrees to cause to be paid punctually all sums (less retainage) becoming due for labor, materials, fixtures or equipment used or purchased in connection with such construction.

Section 3.24 Plans and Specifications. Mortgagor covenants and agrees that any construction performed on the Project shall be performed in accordance with the Plans and Specifications.

ARTICLE IV

DEFAULTS AND REMEDIES THEREFOR

Section 4.1 Event of Default Defined. The Mortgagor acknowledges and agrees that the term "Event of Default" wherever used in this Mortgage shall mean (i) an Event of Default as defined in any of the Credit Documents, (ii) the failure of Mortgagor to comply with the provisions of Sections 3.3, 3.5, 3.7, 3.9, 3.10, 3.17, or 3.22 (iii) except as otherwise provided in clause (ii), the failure of the Mortgagor to comply with any covenant, agreement or warranty contained in this Mortgage within 30 days after the Mortgagee shall have given written notice thereof to the Mortgagor, provided that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, then provided that Mortgagee commences to cure such default within such 30-day period and thereafter proceeds with due diligence and dispatch to complete such cure, the cure period shall be extended to a total of 90 days, or (iv) the abandonment of the Mortgaged Property or any portion thereof by the Mortgagor for seven consecutive days.

Section 4.2 Remedies. When any Event of Default has occurred and is continuing, the Mortgagee may, in addition to the remedies hereinafter described, exercise any one or more or all, and in any order, of the remedies set forth in the this Mortgage and the Credit Documents, including without limitation the remedies provided therein with respect to real

property; it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

Section 4.3 Possession by the Mortgagee. When any Event of Default has occurred and is continuing, the Mortgagee shall, if applicable law permits, have the right to enter into and upon the Mortgaged Property and take possession thereof or to appoint an agent or trustee for the collection of the Rents of the Mortgaged Property.

Section 4.4 Foreclosure. When any Event of Default has occurred and is continuing, the Mortgagee shall have the right to foreclose the lien hereof for the Secured Indebtedness or any part thereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional Secured Indebtedness in the judgment of foreclosure, all costs and expenses that may be paid or incurred by or on behalf of the Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs and costs (which may be estimated as to items to be expended after entry of the judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, environmental studies and similar data and assurance with respect to title or property, as the Mortgagee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such judgment, the true conditions of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including without limitation the reasonable fees and expenses of any attorney employed by the Mortgagee in any litigation or proceedings affecting this Mortgage, the Secured Obligations or the Mortgaged Property, including probate, bankruptcy and appellate proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be so much additional Secured Indebtedness and shall be immediately due and payable by the Mortgagor.

Section 4.5 Receiver. Upon, or at any time after, the acceleration of any the Secured Indebtedness or the filing of a complaint to foreclose this Mortgage, a court of competent jurisdiction may, upon the application of the Mortgagee, appoint a receiver (at the Mortgagor's expense) of the Mortgaged Property. Such appointment may be made either before or after sale, without regard to solvency or insolvency of the Mortgagor at the time of application for such receiver, and without regard to the then value of the Mortgaged Property or whether the same shall be then occupied as a homestead or not; and the Mortgagee hereunder or any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the Rents of the Mortgaged Property during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collection of such Rents and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. The court may, from time to time, authorize the receiver to apply the net income from the Mortgaged Property in his hands in payment in whole or in part of: (a) the Secured Indebtedness or the indebtedness secured by a judgment foreclosing this Mortgage, or any tax, special

assessment, or other lien that may be or become superior to the lien hereof or of such judgment, provided such application is made prior to the foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

Section 4.6 Application of Moneys. The proceeds of any right given or action taken under the provisions of this Article by the Mortgagee shall be distributed and applied as provided in the Mortgage Act.

Section 4.7 Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in rebuilding or restoring the buildings or improvements as herein provided, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the event of foreclosure sale, the Mortgagee is hereby authorized, without the consent of the Mortgagor, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as the Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies without credit or allowance to the Mortgagor for prepaid premiums thereon.

Section 4.8 Rights Cumulative. Each right, power, and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient to the Mortgagee and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

Section 4.9 Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its successors and permitted assigns (including, without limitation, each and every record owner from time to time of the Mortgaged Property or any other Person having an interest therein), and shall inure to the benefit of the Mortgagee and its successors and assigns.

Section 4.10 Waiver of Redemption, Reinstatement, Extension, Appraisalment, Stay, Laws. To the extent permitted by law, the Mortgagor will not during the continuance of any Event of Default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisalment of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor before or after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by the State to redeem the property so sold or any

part thereof; and the Mortgagor hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. The Mortgagor for itself and all who may claim through or under the Mortgagor waives any and all right to have the property and estates comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. In the event of any sale made under or by virtue of this Mortgage, the whole of the Mortgaged Property may be sold in one parcel as an entirety or in separate parcels at the same or different times, all as the Mortgagee may determine. The Mortgagor waives the right of redemption and, to the extent permitted by law, the right of reinstatement, under the Mortgage Act

Section 4.11 Compliance with Illinois Foreclosure Law.

(a) In the event any provision of this Mortgage shall be inconsistent with any provision of the Mortgage Act, the provisions of the Mortgage Act shall take precedence over the provisions of this Mortgage, but shall not render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Mortgage Act.

(b) If any provision of this Mortgage shall grant to the Mortgagee any rights or remedies upon an Event of Default by the Mortgagor which are more limited than the rights that would otherwise be vested in the Mortgagee under the Mortgage Act in the absence of such provision, the Mortgagee shall be vested with the rights granted in the Mortgage Act to the full extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by the Mortgagee to the extent reimbursable under Sections 15-1510 and 15-1512 of the Mortgage Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in this Mortgage, shall be added to the Secured Indebtedness and included in the judgment of foreclosure.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1 Mortgage for Benefit of Parties Hereto. Nothing in this Mortgage, express or implied, is intended or shall be construed to confer upon, or to give to, any Person other than the parties hereto, any right, remedy or claim under or by reason of this Mortgage or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Mortgage contained are and shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns.

Section 5.2 Severability. In case any one or more of the provisions contained in this Mortgage or the Secured Obligations shall be invalid, illegal or unenforceable in any

respect the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 5.3 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when personally delivered or mailed by registered or certified mail, postage prepaid, return receipt requested, with proper address as indicated below. The Mortgagor and the Mortgagee may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Mortgagor:

Roycemore School
1200 Davis Street
Evanston, IL 60201
Attention: Joseph A. Becker, President
Telephone: (847) 866-6055

To the Mortgagee:

Wells Fargo Bank, N.A.
230 West Monroe Street – 29th Floor
Chicago, IL 60606
Attention: Gail A. Klewin
Telephone: (312) 845-9717

Section 5.4 Successors and Assigns. Whenever in this Mortgage any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Mortgage contained by or on behalf of the Mortgagor, or by or on behalf of the Mortgagee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 5.5 Counterparts. This Mortgage is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Mortgage is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

Section 5.6 Governing Law. It is the intention of the parties hereto that this Mortgage and the rights and obligations of the parties hereunder and the Secured Obligations and the rights and obligations of the parties in connection therewith, shall be governed by and construed and enforced in accordance with, the laws of the State of Illinois.

Section 5.7 Immunity of Officers, Employees and Members of the Mortgagee and the Mortgagor. No recourse shall be had for the payment of the principal or premium or interest on the Secured Indebtedness for any claim based thereon or upon any representation, obligation, covenant or agreement in this Mortgage contained against any past,

present or future officer, director, member, employee or agent of the Mortgagee, the Mortgagor or, respectively, of any successor public or private corporation thereto, as such, either directly or through the Mortgagee, the Mortgagor or, respectively, any successor public or private corporation thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Mortgage and the entering into of the Secured Obligations.

Section 5.8 Subordination of Property Manager's Lien and Real Estate Broker's Lien. Any property management agreement for the Mortgaged Property entered into hereafter by Mortgagor with a property manager that is an Affiliate shall contain a "no lien" provision whereby the property manager waives and releases any and all mechanics' lien rights that the property manager may have pursuant to the Illinois Mechanics Lien Act, 770 ILCS 60/1 et seq. Such property management agreement, or a short form thereof, shall, at the Mortgagee's request, be recorded with the Recorder of Deeds of the county where the Mortgaged Property is located. In addition, Mortgagor shall cause each property manager, whether or not an Affiliate of Mortgagor, to enter into a subordination of management agreement with the Mortgagee, in recordable form, whereby the property manager subordinates present and future lien rights and those of any party claiming by, through or under the property manager, to the lien of this Mortgage. Any agreement entered into hereafter by Mortgagor with any "broker" (as defined in the Real Estate License Act of 2000, 225 ILCS 454/1 et seq.) that is an Affiliate for the purpose of selling, leasing or otherwise conveying an interest in the Mortgaged Property shall contain a "no lien" provision whereby such broker waives and releases any and all lien rights that such broker or anyone claiming by, through or under such broker may have pursuant to the Commercial Real Estate Broker Lien Act, 770 ILCS 15/1 et seq. In addition, the Mortgagor shall cause each broker, whether or not an Affiliate of Mortgagor, to enter into a subordination agreement with the Mortgagee, in recordable form, whereby such broker, on its own behalf and on behalf of any party claiming by, through or under such broker, subordinates present and future lien rights to the lien of this Mortgage.

Section 5.9 Total Indebtedness Secured. The total amount of the indebtedness that may be secured hereby may increase or decrease from time to time, but the secured indebtedness at any one time shall not exceed Two Hundred Percent (200%) of the principal amount of the Secured Obligations, exclusive of interest, costs, expense and protective advances made by Lender to preserve the lien of this Mortgage.

Section 5.10 Priority over Subsequent Liens and Encumbrances. This Mortgage shall be valid and have priority to the extent of the Secured Indebtedness over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Mortgaged Property given priority by law.

Section 5.11 Revolving Credit. This Mortgage is given to secure a revolving credit loan and shall secure not only presently existing indebtedness under the Credit Documents, but also future advances, whether such advances are obligatory or to be made at the option of the Lender, or otherwise, as are made within twenty (20) years from the date hereof to the same extent as if such future advances were made on the date of the execution of this Mortgage,

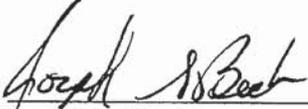
although there may be no advance made at the time of execution of this Mortgage and although there may be no Secured Indebtedness outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all Secured Indebtedness including future advances, from the time of its filing for record in the recorder's or registrar's office of the county in which the real estate is located. This Mortgage secures, among other Secured Indebtedness, a "revolving credit" arrangement within the meaning of 815 ILCS 205/4.1 and 205 ILCS 5/5d. The total amount of Indebtedness may increase or decrease from time to time, as provided in the Credit Documents, and any disbursements which the Lender may make under this Mortgage and the other Credit Documents or any other document with respect to the Mortgaged Property (e.g., for payment of taxes, insurance premiums or other advances to protect the Lender's liens and security interests, as permitted hereby) shall be additional Indebtedness secured hereby. Notwithstanding anything to the contrary contained in this Section 5.11, nothing herein shall give the Mortgagor the right to re-borrow any amounts repaid under the Credit Documents.

Section 5.12 Remedies Against Other Collateral. The Mortgagor hereby acknowledges that certain Credit Documents other than this Mortgage create liens on collateral located in counties or states other than the counties and state in which the Premises are located. The Mortgagor further acknowledges that this Mortgage and the other Credit Documents are cross-defaulted and the Indebtedness secured hereby is also secured by the other Credit Documents. The Mortgagor agrees that the Lender may proceed, at the same or at different times, to foreclose any or all liens against such collateral (or sell such collateral under power of sale) by any proceedings appropriate in the county and state where such collateral lies, and that no event of enforcement taking place in any county or state pursuant to any of the Credit Documents shall preclude or bar enforcement in any other county or state. Any foreclosure or other appropriate remedy brought in any county or state in which collateral is located may be brought and prosecuted as to any part of such collateral without regard to the fact that foreclosure proceedings or other appropriate remedies have or have not been instituted elsewhere on any other part of the collateral for the Secured Indebtedness.

[Signature Page Follows]

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be executed in its corporate name by its duly authorized officer, all as of the date first above written.

ROYCEMORE SCHOOL, as Mortgagor

By: 

Joseph A. Becker
President

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 20th day of July, 2011, by Joseph A. Becker, the President of Roycemore School, an Illinois not for profit corporation.

By: *Greta Wingfield*
Notary Public

My commission expires:



EXHIBIT A

Description of Land

LOTS 1 THROUGH 6 INCLUSIVE IN BLOCK 60 IN THE VILLAGE OF EVANSTON, N SECTION 18, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; EXCEPT THAT PART OF THE SOUTH 200.00 FEET OF LOTS 1, 2, AND 3 TAKEN AS A TRACT, LYING EAST OF THE WEST 108.00 FEET OF SAID LOTS IN COOK COUNTY ILLINOIS.

Commonly known as: 1200 Davis Street, Evanston, Illinois

Permanent Index Number: 11-18-307-012-0000

EXHIBIT B

Permitted Encumbrances

1. MORTGAGE SECURITY AGREEMENT AND ASSIGNMENT OF RENTS AND LEASES FROM MORTGAGOR ROYCEMORE SCHOOL TO MORTGAGEE, WELLS FARGO BANK, N.A., RELATING TO:

LOTS 1 THROUGH 6 INCLUSIVE IN BLOCK 60 IN THE VILLAGE OF EVANSTON, N SECTION 18, TOWNSHIP 41 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; EXCEPT THAT PART OF THE SOUTH 200.00 FEET OF LOTS 1, 2, AND 3 TAKEN AS A TRACT, LYING EAST OF THE WEST 108.00 FEET OF SAID LOTS IN COOK COUNTY ILLINOIS.

Commonly known as: 1200 Davis Street, Evanston, Illinois

Permanent Index Number: 11-18-307-012-0000 – RECORDED AS DOCUMENT NO. 1100444081 ON JANUARY 4, 2011.

2. TAXES FOR THE YEAR(S) 2010 AND 2011
2011 TAXES ARE NOT YET DUE OR PAYABLE.

- 1A. NOTE: 2010 FIRST INSTALLMENT WAS DUE APRIL 1, 2011
NOTE: 2010 FINAL INSTALLMENT NOT YET DUE OR PAYABLE

PERM TAX#	PCL	YEAR	1 ST INST	STAT
11-18-307-012-0000	1 OF 1	2010	NOT BILLED	
* * * *	* * * *	* * * *	* * * *	* * * *

PERM TAX# 11-18-307-012-0000 PCL 1 OF 1 VOLUME 057

3. RIGHTS OF THE CHICAGO TELEPHONE COMPANY UNDER A GRANT RECORDED AUGUST 7, 1910 AS DOCUMENT 4612100 TO PLACE, RENEW AND MAINTAIN AN UNDERGROUND CABLE WITH POLES ACROSS THE LAND. Amendment to Easement recorded June 17, 2009 as Document Number 0916829035.

EXHIBIT C

Plans and Specifications

EXHIBIT C

Roycemore School
1200 Davis Street
Evanston, Illinois

Project # - 1011

Issue for Interior
Construction

Sheet Number	Sheet Description	Date	Sent
	GENERAL INFORMATION		
A0.0	Cover Sheet	3/18/11	
A0.1	Index, Abbreviations Index, Symbols, Mounting Hts.	3/18/11	
A0.3	Ground Floor Code Sheet	3/18/11	
A0.4	First Floor Code Sheet	3/18/11	
A0.5	Second Floor Code Sheet	3/18/11	
	ARCHITECTURAL DRAWINGS		
A1.0	Site Plan	2/18/11	
A1.16	Ground Floor Interior Demo Plan East	2/9/11	
A1.17	Ground Floor Interior demo Plan West	2/9/11	
A1.18	First Floor Interior Demo Plan East	2/9/11	
A1.19	First Floor Interior Demo Plan West	2/9/11	
A1.20	Second Floor Demo Plan East	3/4/11	
A1.21	Second Floor Demo Plan West	4/3/11	
A1.22	Second Floor Demo Plan East	5/14/10	
A1.23	Second Floor Demo Plan West	5/14/10	
A1.24	Demo Sections	2/9/11	
A2.1	Ground Floor Plan East	3/18/11	
A2.2	Ground Floor Plan West	3/18/11	
A2.3	First Floor Plan East	3/18/11	
A2.4	First Floor Plan West	3/18/11	
A2.5	Second Floor Plan East	3/18/11	
A2.6	Second Floor Plan West	3/18/11	
A2.7	Roof Plan East and Penthouse Plan	3/18/11	
A2.8	Roof Plan West	3/18/11	
A4.1	Ground Floor RCP East	3/18/11	
A4.2	Ground Floor RCP West	3/18/11	
A4.3	First Floor RCP East	3/18/11	
A4.4	First Floor RCP West	3/18/11	
A4.5	Second Floor RCP East	3/18/11	
A4.6	Second Floor RCP West	3/18/11	
A5.7	Interior Shaft Wall Sections	2/18/11	
A5.8	Interior Shaft Wall Sections	2/18/11	
A5.9	Interior Shaft Wall Sections	2/18/11	

A6.1	Stair #1 Details	3/18/11	
A6.4	General Stair Tower Details	3/18/11	
A6.5	Enlarged Toilet Plans & Elevations	3/18/11	
A6.6	Enlarged Toilet Plans & Elevations	3/18/11	
A6.7	Elevator 1 Details	3/18/11	
A6.8	Interior Elevations-First Floor Circulation	3/18/11	
A6.9	Interior Elevations-Ground Floor Classrooms	3/18/11	
A6.10	Interior Elevations-Ground Floor Classrooms	3/18/11	
A6.11	Interior Elevations-Ground Floor Classrooms	3/18/11	
A6.12	Interior Elevations-Ground Floor Classrooms	3/18/11	
A6.13	Interior Elevations-Ground Floor Classrooms	3/18/11	
A6.14	Interior Elevations-First Floor Classrooms	3/18/11	
A6.15	Interior Elevations-First Floor Classrooms	3/18/11	
A6.16	Interior Elevations-Second Floor Classrooms	3/18/11	
A6.17	Interior Elevations-Second Floor Classrooms	3/18/11	
A6.18	Interior Elevations-Second Floor Classrooms	3/18/11	
A6.19	Interior Elevations-Second Floor Classrooms	3/18/11	
A8.1	Wall Types		
A8.2	Wall Types		
A8.3	Door and Window Types	3/18/11	
A9.1	Ground Floor Finish Plan	2/18/11	
A9.2	First Floor Finish Plan	3/18/11	
A9.3	Second Floor Finish Plan	2/18/11	
A9.4	Interior Details	3/18/11	
	SIGNAGE DRAWINGS		
SG1	Ground Floor Signage Plan excluded from scope		
SG2	First Floor Signage Plan excluded from scope		
SG3	Second Floor Signage Plan excluded from scope		
SG4	Signage Details excluded from scope		
	STRUCTURAL DRAWINGS	2/18/11	
S1.0	Typical Details and General Notes	2/18/11	
S2.0	Partial Ground Floor Plan – East	2/18/11	
S2.1	Partial Ground Floor Plan – West	2/18/11	
S2.2	Partial First Floor Framing Plan – East	2/18/11	
S2.3	Partial First Floor Framing Plan – West	2/18/11	
S2.4	Partial Second Floor Framing Plan – East	2/18/11	
S2.5	Partial Second Floor Framing Plan – West	2/18/11	
S2.6	Partial Second Floor Framing Plan – West and High Roof Framing Plan	2/18/11	
S3.0	Sections	2/18/11	

Roycemore School
 1200 Davis Street
 Evanston, Illinois

Project # - 1011

Issue for Exterior
 Construction

Sheet Number	Sheet Description	Date	Sent
	GENERAL INFORMATION		
A0.0	Cover	2/18/11	
A0.1	Index, Abbreviations Index, Symbols, Mounting Hts.	3/18/11	
A0.3	Ground Floor Code Sheet	3/18/11	
A0.4	First Floor Code Sheet	3/18/11	
A0.5	Second Floor Code Sheet	3/18/11	
	ARCHITECTURAL DRAWINGS		
A1.0	Site Plan	3/18/11	
A1.1	Site Demolition Plan	3/18/11	
A1.16	Ground Floor Demolition Plan East	3/18/11	
A1.17	Ground Demolition Plan West	3/18/11	
A1.18	First Floor Interior Demolition Plan East	3/4/11	
A1.19	First Floor Interior Demolition Plan West	3/4/11	
A1.20	Second Floor Demolition Plan East	3/4/11	
A1.21	Second Floor Demolition Plan West	3/4/11	
A2.1	Ground Floor Plan East	3/18/11	
A2.2	Ground Floor Plan West	3/18/11	
A2.3	First Floor Plan East	3/18/11	
A2.4	First Floor Plan West	3/18/11	
A2.5	Second Floor Plan East	3/18/11	
A2.6	Second Floor Plan West	3/18/11	
A2.7	Roof Plan East and Penthouse Plan	3/18/11	
A2.8	Roof Plan West	3/18/11	
A3.1	Building Elevations: North and South	3/18/11	
A3.2	Building Elevations	3/18/11	
A3.3	Building Sections	3/18/11	
A3.4	Building Sections	3/18/11	
A3.5	Building Sections	3/18/11	
A4.1	Ground Floor RCP East	3/18/11	
A4.2	Ground Floor RCP West	3/18/11	
A4.3	First Floor RCP East	3/18/11	
A4.4	First Floor RCP West	3/18/11	
A4.5	Second Floor RCP East	3/18/11	
A4.6	Second Floor RCP West	3/18/11	
A5.1	Gym Wall Sections	3/18/11	
A5.2	Wall Sections	3/18/11	

A5.3	Wall Sections	3/18/11	
A5.4	Wall Sections	3/18/11	
A5.5	Stair 2 Wall Sections	3/18/11	
A5.6	Wall Sections	3/18/11	
A6.2	Stair 2 Details	3/18/11	
A6.3	Stair 3 Details	3/18/11	
A6.4	General Stair Tower Details	3/18/11	
A8.1	Wall Types	3/18/11	
A8.2	Wall Types	3/18/11	
	SIGNAGE DRAWINGS		
SG1	Ground Floor Signage Plan excluded from scope	3/18/11	
SG2	First Floor Signage Plan excluded from scope	3/18/11	
SG3	Second Floor Signage Plan excluded from scope	3/18/11	
SG4	Signage Details excluded from scope	3/18/11	
	STRUCTURAL DRAWINGS		
S1.0	Typical Details and General Notes	3/18/11	
S2.0	Partial Ground Floor Plan – East	3/18/11	
S2.1	Partial Ground Floor Plan – West	3/18/11	
S2.2	Partial First Floor Framing Plan – East	3/18/11	
S2.3	Partial First Floor Framing Plan – West	3/18/11	
S2.4	Partial Second Floor Framing Plan – East	3/18/11	
S2.5	Partial Second Floor Framing Plan – West	3/18/11	
S2.6	Partial Second Floor Framing Plan – West and High Roof Framing Plan	3/18/11	
S3.0	Sections	3/18/11	
	LANDSCAPE PLANS		
L1.0	Overall Landscape Plan	5/14/10	
L2.0	Landscape Schedule & Example Pictures	5/14/10	
L3.0	Playground Area	5/14/10	

LIST OF DATA RECEIVED

I. Plans – Construction Set Dated March 18, 2011

Prepared by: YAS Architecture

Sheet	Title	Original Date	Latest Revised Date
	Exterior Construction Set		
A0.0	Cover Sheet	02-18-11	03-18-11
A0.1	Index	02-18-11	03-18-11
A0.2	Code Review	02-18-11	03-18-11
A0.3	Ground Floor Code Information Exit Distances and Fire Separation Location	02-18-11	03-18-11
A0.4	First Floor Code Information Exit Distance and Fire Separation Locations	02-18-11	03-18-11
A0.5	Second Floor Code Information Exit Distance and Fire Separation Locations	02-18-11	03-18-11
A1.0	Site Plan	02-18-11	03-18-11
A1.1	Site Demolition Plan	02-18-11	03-18-11
A1.16	Ground Floor Interior Demo Plan East	02-04-11	03-18-11
A1.17	Ground Floor Interior Demo Plan West	02-04-11	03-18-11
A1.18	First Floor Interior Demo Plan East	02-04-11	03-18-11
A1.19	First Floor Interior Demo Plan West	02-04-11	03-18-11
A1.20	Second Floor Demo Plan East	02-04-11	03-18-11
A1.21	Second Floor Demo Plan West	02-04-11	03-18-11
A2.1	Ground Floor Plan East	02-18-11	03-18-11
A2.2	Ground Floor Plan West	02-18-11	03-18-11
A2.3	First Floor Plan East	02-18-11	03-18-11
A2.4	First Floor Plan West	02-18-11	03-18-11
A2.5	Second Floor Plan East	02-18-11	03-18-11
A2.6	Second Floor Plan West	02-18-11	03-18-11
A2.7	Roof Plan East and Penthouse Plan	02-18-11	05-14-11
A2.8	Roof Plan West	02-18-11	05-14-11
A3.1	Building Elevations: North and South	02-18-11	03-18-11
A3.2	Building Elevations	02-18-11	03-18-11
A3.3	Building Sections	02-18-11	03-18-11
A3.4	Building Sections	02-18-11	03-18-11
A3.5	Building Sections	02-18-11	03-18-11
A4.1	Ground Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.2	Ground Floor Reflected Ceiling Plan West	02-18-11	03-18-11

LIST OF DATA RECEIVED, Cont'd.

I. Plans, Cont'd.

Sheet	Title	Original Date	Latest Revised Date
A4.3	First Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.4	First Floor Reflected Ceiling Plan West	02-18-11	03-18-11
A4.5	Second Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.6	Second Floor Reflected Ceiling Plan West	02-18-11	03-18-11
A5.1	Gym Wall Sections	02-18-11	03-18-11
A5.2	Wall Sections	02-18-11	03-18-11
A5.3	Wall Sections	02-18-11	03-18-11
A5.4	Wall Sections	02-18-11	03-18-11
A5.5	Stair 2 Wall Sections	02-18-11	03-18-11
A5.6	Wall Sections	02-18-11	03-18-11
A6.2	Stair 2 Details	02-18-11	03-18-11
A6.3	Stair 3 Details	02-18-11	03-18-11
A6.4	General Stair Tower Details	02-18-11	03-18-11
A8.1	Wall Types	02-18-11	03-18-11
A8.2	Wall Types	02-18-11	03-18-11
SG1.1	Signage Details	02-18-11	03-18-11
SGS1.2	Ground Floor Signage Plan	02-18-11	03-18-11
SG1.3	First Floor Signage Plan	02-18-11	03-18-11
SG1.4	Second Floor Signage Plan	02-18-11	03-18-11
S1.1	Typical Details and General Notes – Addition	02-18-11	03-18-11
S2.0	Partial Ground Floor Plan – East	02-18-11	03-18-11
S2.1	Partial Ground Floor Plan – West	02-18-11	03-18-11
S2.2	Partial First Floor Framing Plan – East	02-18-11	03-18-11
S2.3	Partial First Floor Framing Plan – West	02-18-11	03-18-11
S2.4	Partial Second Floor Framing Plan – East	02-18-11	03-18-11
S2.5	Partial Second Floor and Low Roof Framing Plans – West and high Roof Framing Plan	02-18-11	03-18-11
S2.6	Partial Roof Framing Plan – East & West	02-18-11	03-18-11
S3.0	Sections and Details	02-18-11	03-18-11
	Interior Construction Set		
A0.0	Cover Sheet	02-18-11	03-18-11
A0.1	Index	02-18-11	03-18-11
A0.2	Code Review	02-18-11	03-18-11
A0.3	Ground Floor Code Information – Exit Distance and Fire Separation Locations	02-18-11	03-18-11

LIST OF DATA RECEIVED, Cont'd.

I. Plans, Cont'd.

Sheet	Title	Original Date	Latest Revised Date
A0.4	First Floor Code Information – Exit Distances and Fire Separation Locations	02-18-11	03-18-11
A0.5	Second Floor Code Information – Exit Distances and Fire Separation Locations	02-18-11	03-18-11
A1.0	Site Plan	02-18-11	03-18-11
A1.16	Ground Floor Interior Demolition Plan – East	02-18-11	03-18-11
A1.17	Ground Floor Interior Demolition Plan – West	02-18-11	03-18-11
A1.18	First Floor Interior Demolition Plan East	02-18-11	03-18-11
A1.19	First Floor Interior Demolition Plan West	02-18-11	03-18-11
A1.20	Second Floor Demolition Plan East	02-18-11	03-18-11
A1.21	Second Floor Demolition Plan West	02-18-11	03-18-11
A1.22	Second Floor Demolition Plan East	02-18-11	03-18-11
A1.23	Second Floor Demolition Plan West	02-18-11	03-18-11
A1.24	Demo Section	02-18-11	03-18-11
A2.1	Ground Floor Plan East	02-18-11	03-18-11
A2.2	Ground Floor Plan West	02-18-11	03-18-11
A2.3	First Floor Plan East	02-18-11	03-18-11
A2.4	First Floor Plan West	02-18-11	03-18-11
A2.5	Second Floor Plan East	02-18-11	03-18-11
A2.6	Second Floor Plan West	02-18-11	03-18-11
A2.7	Roof Plan East and Penthouse Plan	02-18-11	03-18-11
A2.8	Roof Plan West	02-18-11	03-18-11
A4.1	Ground Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.2	Ground Floor Reflected Ceiling Plan West	02-18-11	03-18-11
A4.3	First Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.4	First Floor Reflected Ceiling Plan West	02-18-11	03-18-11
A4.5	Second Floor Reflected Ceiling Plan East	02-18-11	03-18-11
A4.6	Second Floor Reflected Ceiling Plan West	02-18-11	03-18-11
A5.7	Interior Shaft Wall Sections	02-18-11	03-18-11
A5.8	Interior Shaft Wall Sections	02-18-11	03-18-11
A5.9	Interior Shaft Wall Sections	02-18-11	03-18-11
A6.1	Stair 1 Details	02-18-11	03-18-11
A6.4	General Stair Tower Details	02-18-11	03-18-11
A6.5	Enlarged Toilet Plans and Elevations	02-18-11	03-18-11
A6.6	Enlarged Toilet Plans and Elevations	02-18-11	03-18-11

LIST OF DATA RECEIVED, Cont'd.

I. Plans, Cont'd.

Sheet	Title	Original Date	Latest Revised Date
A6.7	Elevator 1 Details	02-18-11	03-18-11
A6.8	Interior Elevations-First Floor Circulation	02-18-11	03-18-11
A6.9	Interior Elevations-Ground Floor Classrooms	02-18-11	03-18-11
A6.10	Interior Elevations-Ground Floor Classrooms	02-18-11	03-18-11
A6.11	Interior Elevations-Ground Floor Classrooms	02-18-11	03-18-11
A6.12	Interior Elevations-Ground Floor Classrooms	02-18-11	03-18-11
A6.13	Interior Elevations-Ground Floor Classrooms	02-18-11	03-18-11
A6.14	Interior Elevations-First Floor Classrooms	02-18-11	03-18-11
A6.15	Interior Elevations-First Floor Classrooms	02-18-11	03-18-11
A6.16	Interior Elevations-Second Floor Classrooms	02-18-11	03-18-11
A6.17	Interior Elevations-Second Floor Classrooms	02-18-11	03-18-11
A6.18	Interior Elevations-Second Floor Classrooms	02-18-11	03-18-11
A6.19	Interior Elevations-Second Floor Classrooms	02-18-11	03-18-11
A8.1	Wall Types	02-18-11	03-18-11
A8.2	Wall Types	02-18-11	03-18-11
A8.3	Door and Window Types	02-18-11	03-18-11
A9.1	Ground Floor Finish Plan	02-18-11	03-18-11
A9.2	First Floor Finish Plan	02-18-11	03-18-11
A9.3	Second Floor Finish Plan	02-18-11	03-18-11
A9.4	Interior Details	02-18-11	03-18-11
C0.1	Existing Conditions and Demolition Plan	02-14-10	03-18-11
C0.2	Geometric and Paving Plan	02-14-10	03-18-11
C0.3	Stormwater Pollution Prevention Plan	02-14-10	03-18-11
C0.4	Grading Plan	02-14-10	03-18-11
C0.5	Utility Plan	02-14-10	03-18-11
C6.0	Details	02-14-10	03-18-11
C7.0	Notes	02-14-10	03-18-11
L1.0	Overall Landscape Plan	03-18-11	03-18-11
L2.0	Landscape Schedule and Example Pictures	03-18-11	03-18-11
L3.0	Playground Area	03-18-11	03-18-11
E1.0	Electrical Notes and Specifications	02-14-10	03-18-11
E1.1	Electrical Notes and Specifications	02-14-10	03-18-11
E2.0E	Ground Floor New Power Plan – East	02-14-10	03-18-11
E2.0G	Ground Floor New Power Plan – Garage	02-14-10	03-18-11
E2.0W	Ground Floor New Power Plan – West	02-14-10	03-18-11

LIST OF DATA RECEIVED, Cont'd.

I. Plans, Cont'd.

Sheet	Title	Original Date	Latest Revised Date
E3.0E	First Floor New Power Plan – East	02-18-11	03-18-11
E3.0W	First Floor New Power Plan – West	02-18-11	03-18-11
E4.0E	Second Floor New Power Plan – East	02-18-11	03-18-11
E4.0W	Second Floor New Power Plan – West	02-18-11	03-18-11
E5.0E	Roof New Power Plan – East	02-18-11	03-18-11
E5.0W	Roof New Power Plan – West	02-18-11	03-18-11
E6.0E	Ground Floor New Lighting Plan – East	02-18-11	03-18-11
E6.0G	Ground Floor New Lighting Plan – Garage	02-18-11	03-18-11
E6.0W	Ground Floor New Lighting Plan – West	02-18-11	03-18-11
E7.0E	First Floor New Lighting Plan – East	02-18-11	03-18-11
E7.0W	First Floor New Lighting Plan – West	02-18-11	03-18-11
E8.0E	Second Floor New Lighting Plan – East	02-18-11	03-18-11
E8.0W	Second Floor New Lighting Plan – West	02-18-11	03-18-11
E9.0E	Roof New Lighting Plan – East	02-18-11	03-18-11
E10.0	Electrical Riser Diagram	02-18-11	03-18-11
E11.0	Electrical Panel Schedules	02-18-11	03-18-11
E12.0	Low Voltage System Descriptions	02-18-11	03-18-11
ED2.0E	Ground Floor Electrical Demo Plan – East	02-18-11	03-18-11
ED2.0W	Ground Floor Electrical Demo Plan – West	02-18-11	03-18-11
ED3.0E	First Floor Electrical Demo Plan – East	02-18-11	03-18-11
ED3.0W	First Floor Electrical Demo Plan – West	02-18-11	03-18-11
ED4.0E	Second Floor Electrical Demo Plan – East	02-18-11	03-18-11
ED4.0W	Second Floor Electrical Demo Plan – West	02-18-11	03-18-11
ED5.0E	Roof Electrical Demo Plan – East	02-18-11	03-18-11
M1.0	Mechanical Notes and Specifications	02-18-11	03-18-11
M2.0E	Ground Floor New Mechanical Plan – East	02-18-11	03-18-11
M2.0G	Ground Floor New Mechanical Plan – Garage	02-18-11	03-18-11
M2.0W	Ground Floor New Mechanical Plan – West	02-18-11	03-18-11
M3.0E	First Floor New Mechanical Plan – East	02-18-11	03-18-11
M3.0W	First Floor New Mechanical Plan – West	02-18-11	03-18-11
M4.0E	Second Floor New Mechanical Plan – East	02-18-11	03-18-11
M4.0W	Second Floor New Mechanical Plan – West	02-18-11	03-18-11
M5.0E	Roof New Mechanical Plan East	02-18-11	03-18-11
M5.0W	Roof New Mechanical Plan West	02-18-11	03-18-11

LIST OF DATA RECEIVED, Cont'd.

I. Plans, Cont'd.

Sheet	Title	Original Date	Latest Revised Date
M6.0E	Ground Floor New Mechanical Piping Plan - East	02-18-11	03-18-11
M6.0W	Ground Floor New Mechanical Piping Plan – West	02-18-11	03-18-11
M7.0E	First Floor New Mechanical Piping Plan – East	02-18-11	03-18-11
M7.0W	First Floor New Mechanical Piping Plan – West	02-18-11	03-18-11
M8.0E	Second Floor New Mechanical Piping Plan – East	02-18-11	03-18-11
M8.0W	Second Floor New Mechanical Piping Plan - West	02-18-11	03-18-11
M9.0	Enlarged Mechanical Roof Floor Plans	02-18-11	03-18-11
M10.0	Mechanical Schedules	02-18-11	03-18-11
M11.0	Mechanical Schedules	02-18-11	03-18-11
M12.0	Mechanical Schedules	02-18-11	03-18-11
M13.0	Temperature Controls	02-18-11	03-18-11
MD2.0E	Ground Floor Mechanical Demo Plan – East	02-18-11	03-18-11
MD2.0W	Ground Floor Mechanical Demo Plan – West	02-18-11	03-18-11
MD3.0E	First Floor Mechanical Demo Plan – East	02-18-11	03-18-11
MD3.0W	First Floor Mechanical Demo Plan – West	02-18-11	03-18-11
MD4.0E	Second Floor Mechanical Demo Plan – East	02-18-11	03-18-11
MD4.0W	Second Floor Mechanical Demo Plan – West	02-18-11	03-18-11
P1.0	Plumbing Notes and Specifications	02-18-11	03-18-11
P2.1E	Ground Floor New Plumbing Supply Plan – East	02-18-11	03-18-11
P2.1W	Ground Floor New Plumbing Supply Plan – West	02-18-11	03-18-11
P2.0E	Ground Floor New Plumbing Plan – East	02-18-11	03-18-11
P2.0W	Ground Floor New Plumbing Plan – West	02-18-11	03-18-11
P3.0E	First Floor New Plumbing Plan – East	02-18-11	03-18-11
P3.0W	First Floor New Plumbing Plan – West	02-18-11	03-18-11
P4.0E	Second Floor New Plumbing Plan – East	02-18-11	03-18-11
P4.0W	Second Floor New Plumbing Plan – West	02-18-11	03-18-11
P5.0	Plumbing Risers	02-18-11	03-18-11

Appendix E

Proposed Form of Bond Counsel Opinion

[Follows on the Next Page]

July 21, 2011

City of Evanston
Evanston, Illinois

Oppenheimer & Co., Inc.
Chicago, Illinois

Wells Fargo, N.A.
Chicago, Illinois

Re: \$13,590,000 City of Evanston
Educational Facility Revenue Bonds, Series 2011
(Roycemore School Project)

Ladies and Gentlemen:

We have examined a record of proceedings with respect to the issuance by the City of Evanston (the "City") of its Educational Facility Revenue Bonds, Series 2011 (Roycemore School Project) (the "Bonds"), in the aggregate principal amount of \$13,590,000. The proceeds to be received by the City from the sale of the Bonds will be lent to Roycemore School, an Illinois not for profit corporation (the "Corporation"), pursuant to a Loan Agreement dated as of July 1, 2011 (the "Loan Agreement") between the City, as lender and the Corporation. Such proceeds will be used to finance: (i) the acquisition of approximately 2.4 acres of land located at 1200 Davis Street, Evanston, Illinois 60201 (the "Campus") with an existing three level, 66,000 square foot building (the "Facility" and together with the Campus, the "School Facility"); (ii) the renovation, remodeling, improvement, and equipping of said School Facility; (iii) the construction and equipping of a gymnasium on the Campus (together with Clause (ii), collectively, the "Project"); (iv) fund certain working capital; (v) pay capitalized interest with respect to certain portions of the Project; (vi) fund a debt service reserve fund, if deemed necessary or advisable by the Corporation; and (vii) pay certain costs incurred in connection with the issuance of the bonds (collectively, the "Financing Purposes").

The Bonds are being issued pursuant to the Bond Trust Indenture dated as of July 1, 2011 between the City and Wells Fargo Bank, N.A., as the Bond Trustee (the "Bond Indenture") and to an ordinance adopted by the City on July 11, 2011 (the "Bond Ordinance") in the exercise of the City's powers as a home rule unit of government under the provisions of Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois.

The Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in the Bond Indenture and in the Bonds.

We have examined the Bond Ordinance, executed counterparts of the Bond Indenture, the Loan Agreement, and the form of the Bond; the applicable laws of the State of Illinois; the transcript of proceedings relating to the issuance and sale of the Bonds and the opinions, certifications and statements of facts and expectations contained in such transcript; and such other such documents and materials as we deem relevant to the opinion expressed herein.

Based on the foregoing, and in reliance upon certain documents and showings hereinafter referred to, we are of the opinion that:

1. The City is a municipality and home rule unit of the State of Illinois, with lawful authority to enter into the Bond Indenture and the Loan Agreement, to issue the Bonds and lend the proceeds thereof to the Corporation for the purposes specified in the Bond Ordinance.

2. The Bond Indenture has been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instrument by, and the binding effect thereof on, the other parties thereto, the Bond Indenture constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

3. The Loan Agreement has been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instrument by, and the binding effect thereof on, the other parties thereto, the Loan Agreement constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

5. The Bonds have been duly authorized, issued and delivered by the City and are valid and legally binding upon the City according to the import thereof and as provided by the Bond Indenture, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

5. The Bonds and the interest thereon are limited obligations of the City payable solely from moneys, securities and other revenues pledged therefor under the Bond Indenture. All right, title and interest in and to such moneys, securities and other revenues have been pledged and assigned under the Bond Indenture as security for the Bonds. The Bonds and the interest thereon do not constitute an indebtedness of the City within the meaning of any State of Illinois constitutional or statutory provision, nor do the Bonds or the interest thereon give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the Bonds. No owner of any

Bond shall have the right to compel any exercise of the taxing power of the City to pay the Bonds or the interest thereon. Neither the members of the City nor any persons executing the Bonds shall be liable personally on such Bonds by reason of the issuance thereof.

6. The Internal Revenue Code of 1986 (the "Code") contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to, among other things, the use and investment of the proceeds of the Bonds, the periodic payment of certain amounts to the United States of America, and the use and tax ownership of any property financed or refinanced with the proceeds of the Bonds. The Corporation has covenanted in the Loan Agreement and the Tax Compliance Agreement dated as of July 19, 2011 (the "Tax Agreement"), between the City and the Corporation to comply with these requirements.

Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Code described in the preceding paragraph, we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are "qualified 501(c)(3) bonds" within the meaning of Section 145(a) of the Code. Accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. You are advised, however, that interest on the Bonds is includible in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Bonds is not exempt from present Illinois income taxes.

In rendering this opinion, we have relied, among other things, upon the representations and certifications of the City, Oppenheimer & Co., Inc., as the placement agent for the Bonds, Nuveen Asset Management, as purchaser of the Bonds and the Corporation with respect to certain material facts solely within their knowledge relating to the application of the proceeds of the Bonds and the property financed with such proceeds.

7. Under existing law, the Bonds and the income therefrom are not exempt from State of Illinois income taxes.

In rendering the opinion contained in the preceding paragraphs, we have relied upon representations and covenants contained in the Tax Agreement with respect to certain facts that are solely within the Corporation's knowledge relating to, among other things, the nature and uses of the property financed or refinanced with the proceeds of the Bonds, the opinion of Katten Muchin Rosenman LLP, with respect to the status of the Corporation, as a 501(c)(3) organization under the Code and to the opinion of Applegate & Thorne-Thomsen, P.C. as the Corporation's counsel (the "Corporation's Counsel") with respect to certain matters pertaining to the Corporation.

We express no opinion with respect to the authorization, execution and delivery by, or the enforceability against, the Corporation of the Loan Agreement. The opinion of Corporation's Counsel with respect to such matters has been delivered to you.

Respectfully yours,

MMB/JGH/60886502