



**CITY OF URBANA, ILLINOIS
FINANCE DEPARTMENT**

MEMORANDUM

TO: Mayor Prussing and City Council Members

FROM: Elizabeth Hannan, Finance Director

DATE: November 5, 2015

SUBJECT: Conduit Debt – Clark Lindsey Village

Introduction: Attached is a Resolution that provides for the issuance of revenue bonds for improvements at Clark-Lindsey Village.

Discussion: This \$10 million bond issue will be used to finance improvements to Clark-Lindsey Village including construction of a wellness and aquatic center, and facilities for assisted living and skilled nursing. The total cost of construction is expected to be \$15 million. Although the City is the debt issuer, the entire obligation to make payments falls on the borrower, Clark-Lindsey Village.

The bonds will be issued by the City, purchased by Busey Bank, and paid by Clark-Lindsey Village. This is a “bank qualified,” tax exempt bond issue, which is essentially a loan from Busey Bank to Clark-Lindsey Village, with the City serving as a conduit issuer. This allows the bank to charge a tax-exempt interest rate on this financing, which will result in a lower cost of borrowing for Clark-Lindsey Village. The City is limited to issuing \$10 million in bank qualified bonds in any calendar year and these bonds count against that limit, but the City has no plans to issue other debt before the end of calendar year 2015.

Representatives of Clark-Lindsey Village will be present to share information about the project and answer questions from City Council Members.

Fiscal Impact: The City has no financial obligation related to this debt. All payments and other expenses related to issuance of the debt are the responsibility of Clark-Lindsey Village. A footnote will be included in the City’s financial statements regarding this debt, but it will have no other impact on the City’s financial statements.

Recommendation: Approve the resolution authorizing issuance of revenue bonds for the purpose of financing improvements to Clark-Lindsey Village, and authorizing the Mayor to execute related documents described in the Resolution.

RESOLUTION NO. 2015-11-060R

A RESOLUTION AUTHORIZING THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO ISSUE ITS REVENUE BOND (CLARK-LINDSEY VILLAGE PROJECT), SERIES 2015, FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE COSTS OF A PROJECT FOR CLARK-LINDSEY VILLAGE, INC.; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BOND; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BOND

WHEREAS, the City of Urbana, Champaign County, Illinois (the “City”) is a home rule unit pursuant to the provisions of Section 6 (Powers of Home Rule Units) of Article VII (Local Government) of the Constitution of the State of Illinois and may accordingly exercise any power and perform any function pertaining to its government and affairs, including as supplemented and amended by the provisions of The Industrial Project Revenue Bond Act, 65 ILCS 5/11-74-1 *et seq.*, as amended, and the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, as amended (collectively, the “Acts”), to issue its revenue bonds for the purpose of loaning the proceeds of such bonds to others to provide funds to finance the costs of certain projects as provided for in the Acts and to pledge the payments, revenues and receipts derived from such projects as security for the payment of the principal of, redemption premium, if any, and interest on such bonds; and

WHEREAS, the City Council of the City finds and determines that it is desirable to relieve conditions of unemployment, maintain existing levels of employment and encourage the increase of industry and commerce within the State of Illinois, and all for the public safety, benefit and welfare of the residents of the State of Illinois, including specifically the residents of the City, that the City issue its Revenue Bond (Clark-Lindsey Village Project), Series 2015 (the “Bond”), in the principal amount of not to exceed \$10,000,000 for the purpose of making a loan to Clark-Lindsey Village, Inc., an Illinois not-for-profit corporation (the “Borrower”), to finance the costs of (a) acquiring, constructing, reconstructing, improving and extending retirement facilities, including the expansion and construction of a pool and aquatic center, the construction of two residential buildings and related road improvements (collectively, the “Project”) and (b) issuing the Bond; and

WHEREAS, the City Council of the City further finds and determines that it is necessary and desirable that the City enter into (a) a Loan Agreement (the “Loan Agreement”), with the Borrower and Busey Bank (the “Purchaser”), under which the City will loan the proceeds of the Bond to the Borrower for the purpose described in this Resolution and, in consideration of payments that will be sufficient to pay the principal of and interest on the Bond, said loan to be evidenced by a promissory note (the “Note”) and (b) a Tax Compliance Agreement (the “Tax Compliance Agreement”) between the City and the Borrower;

WHEREAS, the Internal Revenue Service has stated that all issuers of obligations the interest on which is excludable from gross income for income tax purposes should adopt written procedures regarding ongoing compliance with federal tax requirements for tax-exempt bonds, and the City Council of the City further finds and determines that it is necessary and desirable to adopt a Conduit Issuer Tax-Exempt Financing Compliance Procedure (the “**Compliance Procedure**”) in connection therewith; and

WHEREAS, forms of the Loan Agreement, the Tax Compliance Agreement and the Compliance Procedure have been presented to and are now before the meeting of the City Council at which this Resolution is adopted.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. Authorization of the Bond. The City is hereby authorized to issue and sell the Bond for the purpose of making a loan to the Borrower in the aggregate principal amount of not to exceed \$10,000,000 to provide funds to pay the costs of (a) the Project and (b) issuing the Bond. The Bond shall be dated, shall mature at such time, shall be in such denomination, shall bear interest at such rate, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner subject to such provisions, covenants and agreements, as are set forth in the Loan Agreement.

Section 2. Limited Obligation. The Bond shall be a limited obligation of the City payable solely out of the payments, revenues and receipts derived by the City under the Loan Agreement. Such payments, revenues and receipts shall be pledged and assigned to the Purchaser as security for the payment of the Bond as provided in the Loan Agreement. The Bond shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3. Authorization of Documents. The City is hereby authorized to enter into the Loan Agreement and the Tax Compliance Agreement with such changes therein as shall be approved by the officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 4. Execution of Bond and Documents. The Mayor is hereby authorized and directed to execute the Bond for and on behalf of and as the act and deed of the City in the manner provided in the Loan Agreement. The Mayor is hereby authorized and directed to execute and deliver the Tax Compliance Agreement and the Loan Agreement and to endorse the Note to the Purchaser, without recourse, for and on behalf of and as the act and deed of the City. The City Clerk is hereby authorized and directed to attest to the Bond and to such other documents and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 5. Bank Qualified Tax-Exempt Obligation. The City designates the Bond as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and with respect to this designation certifies as follows:

(1) the City reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the City (and all subordinate entities of the City) during the calendar year that the Bond is issued, including the Bond, will not exceed \$10 million; and

(2) the City (including all subordinate entities of the City) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bond is issued, including the Bond, in an aggregate principal amount or aggregate issue price in excess of \$10 million, without first obtaining an Opinion of Bond Counsel (as defined in the Tax Compliance Agreement) that the designation of the Bond as a "qualified tax-exempt obligation" will not be adversely affected.

Section 6. Conduit Issuer Tax-Exempt Financing Compliance Procedure. The City hereby approves and adopts the Compliance Procedure to be applicable to all outstanding and future tax-exempt financings issued by the City for the benefit of Conduit Users (as defined in the Compliance

Procedure). The City covenants and agrees that it will comply with and carry out all of the provisions of the Compliance Procedure.

Section 7. Further Authority. The City shall, and the officers and agents of the City are hereby authorized and directed to take such action and execute such other documents and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the City with respect to the Bond, the Loan Agreement and the Tax Compliance Agreement.

Section 8. Governing Law. This Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State of Illinois.

Section 9. Recitals. The facts and statements contained in the preamble to this Resolution are found to be true and correct and are hereby adopted as part of this Resolution.

Section 10. Adoption. This Resolution shall be in full force and effect from and after its passage, approval and publication as provided by law.

Passed by the City Council of the City of Urbana, Illinois on this 16th day of November, 2015 on the following vote:

YEAS: _____.

NAYS: _____.

ABSENT: _____.

Approved: November ____, 2015

Mayor, City of Urbana,
Champaign County, Illinois

[SEAL]

ATTEST:

City Clerk, City of Urbana,
Champaign County, Illinois

STATE OF ILLINOIS)
) SS.
COUNTY OF CHAMPAIGN)

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Urbana, Champaign County, Illinois, and as such officer I am the keeper of the records and files of the City Council of said City.

I do further certify that the foregoing constitutes a full, true and complete copy of a resolution adopted by the City Council of the City on the 16th day of November, 2015, entitled:

RESOLUTION AUTHORIZING THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO ISSUE ITS REVENUE BOND (CLARK-LINDSEY VILLAGE PROJECT), SERIES 2015, FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE COSTS OF A PROJECT FOR CLARK-LINDSEY VILLAGE, INC.; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BOND; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BOND.

I do further certify that the deliberations of the City Council of said City on the adoption of said resolution were taken openly; that the vote on the passage of said resolution was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all news media requesting such notice; that an agenda for said meeting was duly posted on the City's website and at the principal office of the City Council of said City at least 48 hours in advance of the holding of said meeting on a day other than a Saturday, a Sunday or a legal holiday for municipalities in the State of Illinois; that said agenda contained a specific reference to said resolution; and that said meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended, and with the provisions of the Illinois Municipal Code, as amended, and that said City Council has complied with all of the applicable provisions of said Act, said Code and its procedural rules in the adoption of said resolution.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said City, this ___ day of December, 2015.

City Clerk, City of Urbana, Illinois

(SEAL)

DRAFT 2 – OCTOBER 21, 2015
FOR DISCUSSION PURPOSES ONLY

LOAN AGREEMENT

Among

**BUSEY BANK,
Lender,**

and

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS,
Issuer,**

and

**CLARK-LINDSEY VILLAGE, INC.,
Borrower**

Dated December __, 2015

relating to

**Not to Exceed
\$10,000,000**

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS
REVENUE BOND
(CLARK-LINDSEY VILLAGE PROJECT),
SERIES 2015**

LOAN AGREEMENT

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LOAN AGREEMENT

This **LOAN AGREEMENT** dated December ____, 2015 (the “**Loan Agreement**”) is among **BUSEY BANK**, an Illinois banking corporation (the “**Lender**”), **CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS** (the “**Issuer**”), and **CLARK-LINDSEY VILLAGE, INC.** (the “**Borrower**”).

RECITALS

1. The Issuer is authorized under The Industrial Project Revenue Bond Act, 65 ILCS 5/11-74-1 *et seq.*, as amended, and the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, as amended (collectively, the “**Act**”), to issue revenue bonds and loan the proceeds of such bonds for the purposes of financing and refinancing the acquisition, construction, reconstruction, improvement, betterment and extension of an “industrial project” as defined by the Act.

2. The Borrower currently owns and operates a retirement community in the boundaries of the Issuer (the “**Facilities**”).

3. The Borrower requested the assistance of the Issuer and the Lender in providing funds to finance, refinance and reimburse a portion of the costs of the Project (as hereinafter defined) for the use of the Borrower through the issuance of the Bond (as hereinafter defined) by the Issuer to the Lender pursuant to the Act and the lending of the proceeds of the Bond to the Borrower as evidenced by the Note (as hereinafter defined).

4. The Issuer proposes to assign all of its rights under this Loan Agreement and the Note to the Lender for repayment of the Bond.

5. The Borrower proposes to borrow the proceeds received by the Issuer from the issuance of the Bond upon the terms and conditions set forth in this Loan Agreement and the Note.

6. The Borrower shall make Loan Payments (hereinafter defined) on the Note directly to the Lender, as assignee of the Issuer, pursuant to the terms set forth in this Loan Agreement, to effect repayment of the Issuer’s obligations under the Bond.

7. To secure its obligations under this Loan Agreement and to induce the Issuer to issue the Bond, the Borrower is willing to execute and deliver to the Lender the Mortgage (as hereinafter defined) for the benefit of the Lender.

NOW, THEREFORE, in consideration of the payments to be made in accordance with this Loan Agreement and the representations, covenants and agreements contained herein, the Lender, the Issuer and the Borrower agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.01. Definitions. The following terms used herein will have the meanings indicated below unless the context clearly requires otherwise:

“**Additional Payments**” means the amounts, other than Loan Payments, payable by the Borrower pursuant to this Loan Agreement, including the fees pursuant to **Section 2.09**.

“**Bond**” means the Issuer’s Revenue Bond (Clark-Lindsey Village Project) Series 2015, dated the date of delivery (December __, 2015) thereof, issued in the principal amount of not to exceed \$10,000,000 to finance or refinance a portion of the costs of the Project for the Borrower pursuant to this Loan Agreement, in substantially the form set forth in **Exhibit B**.

“**Bond Proceeds**” means the proceeds from the sale of the Bond to the Lender.

“**Borrower**” means Clark-Lindsey Village, Inc., a not-for-profit corporation duly organized and validly existing under the laws of the State, and its successors.

“**Borrower Documents**” means this Loan Agreement, the Note, the Mortgage, the Disbursement Agreement and the Tax Compliance Agreement, each as amended, restated or otherwise modified from time to time.

“**Business Day**” means any day on which the Lender is open for commercial business.

“**Capital Lease**” means any lease (or other agreement conveying the right to use) of any real or personal property by the Borrower that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of the Borrower.

“**Closing Date**” means the date of the original issuance and delivery of the Bond, which shall be the date the Initial Advance is made available to the Borrower pursuant to this Loan Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the United States Treasury regulations promulgated thereunder.

“**Completion Certificate**” means a certificate duly executed in substantially the form attached hereto as **Exhibit E**.

“**Compliance Certificate**” means a certificate duly executed by the chief financial officer of Borrower, in substantially the form of **Exhibit F** attached hereto.

“**Construction**” means, with respect to the Project, the purchase, construction, extension, improvement and equipping of the Project.

“**Contractor**” or “**Contractors**” means any contractor or subcontractor providing labor, materials, services, and/or equipment for the Construction of the Project.

“**Debt Service Coverage Ratio**” means, for any period, the ratio of (a) the sum of the following for such period (and without duplication): (i) Borrower’s consolidated net income (or loss) for such period (excluding (A) gains from the sale or disposition of assets outside the ordinary course of business, (B) gains from discontinued operations, and (C) extraordinary gains), plus (ii) to the extent deducted in determining such net income, (A) interest expense, (B) net income tax expense, and (C) depreciation and amortization, minus (iii) the aggregate dividends, distributions, redemptions or repurchases on or with respect to Borrower’s equity interests in each case paid in cash during such period, divided by (b) the aggregate scheduled or required payments of principal and interest on Borrower’s consolidated subordinated indebtedness, capital leases and other indebtedness during such period.

“**Default**” means an Event of Default or an event that, with giving of notice or passage of time or both, would constitute an Event of Default.

“Default Rate” means a fixed rate per annum equal to the Interest Rate plus 5.00%.

“Determination of Taxability” means a determination that the interest income on the Bond is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(a) the day on which the Borrower is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the Borrower, or upon any review or audit of the Borrower, or upon any other grounds whatsoever, the interest on the Bond is includable for federal income tax purposes in the gross income of the Lender as the holder of the Bond;

(b) the day on which the Borrower receives notice from the Lender that the Lender has been advised in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to the Lender (a copy of such notice shall be included in the Lender’s notice to Borrower) which asserts in effect that the interest on the Bond received by the Lender is includable in the gross income of the Lender;

(c) the day on which the Borrower is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bond is includable for federal income tax purposes in the gross income of the Lender;

(d) the day on which the Borrower is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Bond is includable in the gross income of the Lender; or

(e) the date specified in a written opinion to the Borrower from bond counsel as the day on which such interest on the Bond first became or will become includable in the gross income of the Lender;

provided, however, that (1) for purposes of this Loan Agreement, no Determination of Taxability shall occur if the Taxability Event is caused by the gross negligence or willful misconduct of the Lender (as determined by a court of competent jurisdiction in a final non-appealable judgment); and (2) no Determination of Taxability shall occur under subparagraph (a), (b), (c) or (e) of this paragraph unless the Borrower has been afforded the opportunity, at its expense, to contest any such conclusion and/or assessment after furnishing the Lender and the Issuer, within thirty (30) days after the occurrence of an event described in subparagraph (a), (b), (c) or (e) of this paragraph, with an opinion of bond counsel to the effect that there is a reasonable basis that the Borrower will prevail in such contest, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined. The Borrower shall promptly notify the Lender and the Issuer of any event described in subparagraph (a), (b), (c), (d) or (e) of this paragraph and shall further promptly notify the Lender and the Issuer of any final determination if the Borrower has contested under subparagraph (a), (b), (c) or (e) of this paragraph. The Borrower shall be deemed to have been afforded the opportunity to contest the occurrence of a Determination of Taxability if it shall have been permitted to commence and maintain any action in the name of the Lender to judgment and through any appeals therefrom or other proceedings related thereto. Wherever in this definition of Determination of Taxability there shall be a reference to “the interest on the Bond is includable in the gross income of the Lender or holder of the Bond” such reference shall

implicitly include any act or circumstances under which the Bond is no longer determined to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The determination that the Bond is no longer “qualified tax-exempt obligations” shall be made in the same manner as provided for in (a) through (e) hereinabove and shall be subject to the rights of Borrower as provided in this paragraph.

“**Disbursement Agreement**” means the Construction Loan Disbursement Agreement dated as of December ___, 2015 by and among the Borrower, the Lender and _____, as escrow agent, as amended, restated or otherwise modified from time to time.

“**Endorsement to the Note**” means _____.

“**Event of Default**” means any of the events described as such in **Section 10.01**.

“**Facilities**” means retirement community owned and operated by the Borrower, and shall include the Project.

“**GAAP**” means the generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant portion of the accounting profession, which are applicable to the circumstances as of any date of determination.

“**Indebtedness**” means, collectively, but without duplication with respect to the Borrower, (a) indebtedness or liability for borrowed money or the deferred purchase price of property or services; (b) obligations as lessee under leases that are, should be or should have been, reported as Capital Leases in accordance with GAAP; (c) any guaranty and any contingent obligation to purchase, to provide funds for payment, to supply funds, to invest in any person or entity or otherwise to assure a creditor against loss; and (d) all other items or obligations which in accordance with GAAP would be included in determining total liabilities on the balance sheet of the Borrower.

“**Initial Advance**” means an amount not less than \$50,000, which is the initial amount advanced under the Bond and the Note on the Closing Date.

“**Initial Expenditure**” means an amount not less than \$5,000,000, consisting of funds of the Borrower other than proceeds of the Loan, expended to pay Project Costs.

“**Interest Payment Date**” means the first day of the month beginning on _____ 1, 20__.

“**Interest Rate**” means (a) from the Closing Date through and including December ___, 2025, a fixed rate of 2.93% per annum; and (b) from December ___, 2025 through and including the Maturity Date, the Prime Rate, as adjusted on the ___ day of each month; provided, however, if a Determination of Taxability occurs means the Taxable Rate from the date of the Determination of Taxability.

“**Issuer**” means the City of Urbana, Champaign County, Illinois, a political subdivision duly organized and existing under the laws of the State.

“**Issuer Documents**” means this Loan Agreement, the Bond, the Tax Compliance Agreement, and the Endorsement to the Note, each as amended, restated or otherwise modified from time to time.

“**Laws**” means all applicable federal, state and local constitutions, statutes, ordinances, codes, rules, regulations and court and administrative decisions, determinations and orders.

“Lender” means Busey Bank, Champaign, Illinois, a State banking corporation, and its successors and assigns.

“Lien” means any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to property.

“Loan” means the loan from the Issuer to the Borrower pursuant to this Loan Agreement.

“Loan Agreement” means this Loan Agreement, including all exhibits hereto, as supplemented or amended from time to time in accordance with the terms hereof.

“Loan Payments” means the loan payments payable by the Borrower pursuant to this Loan Agreement, which shall be in the same amounts as the payments of principal of and interest on the Bond and shall be due at the same times as those payments.

“Long-Term Debt” means all Indebtedness (excluding trade obligations incurred in the ordinary course of business) of the Borrower that matures more than one year from the date of its creation (or is renewable or extendable, at the option of the Borrower, to a date more than one year from such date).

“Maturity Date” means December __, 2040.

“Mortgage” means the Mortgage, Assignment of Rents and Profits and Security Agreement executed by Borrower for the benefit of Lender to secure the Borrower’s obligations under this Loan Agreement, and the other Borrower Documents, as amended, restated or otherwise modified from time to time.

“Mortgaged Premises” means the real property legally described in Exhibit A to the Mortgage.

“Mortgaged Property” shall have the meaning set forth in the Mortgage.

“Net Income Available for Debt Service” means, for any period of calculation, the excess of total unrestricted revenues over total expenses of the Borrower for such period, determined in accordance with GAAP; provided, however, that no determination thereof shall take into account:

- (a) depreciation, amortization and interest expense;
- (b) extraordinary gains or losses resulting from the early extinguishment of debt, the sale or other disposition of assets not in the ordinary course of business or any reappraisal, revaluation or write-down of assets, and any other extraordinary or non-recurring gains or losses;
- (c) unrealized gains or losses (including those relating to hedging activities);
- (d) gains or losses associated with any refinancing;
- (e) income derived from investments that are irrevocably deposited in escrow to pay the principal of or interest on the Bond;
- (f) gifts, grants, bequests or donations restricted as to use by the donor or grantor for a purpose inconsistent with the payment of debt service on Indebtedness;

- (g) insurance (other than business interruption) and condemnation proceeds; or
- (h) proceeds of any borrowing.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim or condemnation award or sale under threat of condemnation after deducting all expenses (including reasonable attorneys’ fees) incurred in the collection of such proceeds.

“Note” means the Borrower’s Promissory Note, dated the date of delivery thereof, issued in the principal amount of not to exceed \$10,000,000 to evidence the Borrower’s obligations to repay the Loan to finance or refinance a portion of the costs of the Project for the Borrower pursuant to this Loan Agreement, in substantially the form set forth in **Exhibit C**, and all promissory notes given in exchange, renewal or substitution thereof.

“Permitted Encumbrances” means the following:

(a) the liens and security interests created under this Loan Agreement, the Borrower Documents, and any other liens or security interests in the Mortgaged Property that equally and ratably secures the obligations of Borrower under this Loan Agreement and the Borrower Documents;

(b) liens for taxes, assessments, and other governmental charges not delinquent, or if delinquent that are being contested in good faith by appropriate proceedings and as to which the Borrower has set aside on its books adequate reserves with respect thereto;

(c) mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s liens not filed of record and similar charges not delinquent, or if filed of record are being contested in good faith and have not proceeded to judgment and as to which the Borrower has set aside on its books adequate reserves with respect thereto;

(c) liens in respect of judgments or awards with respect to which the Borrower is in good faith currently prosecuting an appeal or proceedings for review, and with respect to which the Borrower has secured a stay of execution pending such appeal or proceedings for review, provided the Borrower has set aside on its books adequate reserves with respect thereto;

(d) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions that do not materially affect the marketability of title to the property affected thereby and do not in the aggregate materially impair the use of that property for the purposes for which it is held by the Borrower;

(f) zoning laws, ordinances or regulations and similar restrictions that are not violated by the property affected thereby;

(g) statutory liens and rights of setoff granted to banks or other financial institutions with respect to funds on deposit in the ordinary course of business;

(h) all right, title and interest of the state, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(i) rights reserved to, or vested in, any municipality or governmental or other public authority by virtue of any franchise, license, contract or statute to control or regulate any property, or to

use that property in any manner, or to purchase, or designate a purchaser of or order the sale of, any property of the Borrower upon payment of cash or reasonable compensation therefor, or to terminate any franchise, license or other rights;

(j) liens arising by reason of (1) good faith deposits with the Borrower in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), (2) deposits by the Borrower to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, (3) deposits as security for the payment of taxes or assessments or other similar charges, and (4) deposits with, or the giving of any form of security to, any municipality or governmental or other public authority for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance, if approved in writing by the Lender, or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(k) restrictions on property received by the Borrower through gifts, grants, bequests, contributions or donations imposed by the donor or grantor of that property and which consist solely of restrictions on the use of that property or the income therefrom;

(l) liens on and security interests in the proceeds of Indebtedness permitted by this Loan Agreement prior to the application of those proceeds or any debt service fund, reserve fund, escrow fund or similar fund established to secure the payment of indebtedness;

(m) liens existing on property at the time of its acquisition by the Borrower through purchase, lease or otherwise, and any renewals thereof;

(n) leases, under which the Borrower is lessor, that relate to property that is of a type that is customarily the subject of such leases including leases of office space for physicians, food service facilities, parking facilities, day care centers, gift shops, barber shops, beauty shops, flower shops, pharmacy and similar departments and any other leases entered into in accordance with the disposition of the Mortgaged Property provisions of this Loan Agreement;

(o) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Mortgaged Property affected thereby and which do not materially affect the marketability of title to or value of such Mortgaged Property and do not materially impair the use of such Mortgaged Property for the purposes for which it is held by the Borrower;

(p) liens on moneys deposited by patients or others with the Borrower as security for or as prepayment of the cost of patient care, liens due to the rights of third party payors for recoupment of excess reimbursement paid to the Borrower, and liens of residents of life care, elderly housing or similar facilities on endowment or similar funds deposited by or on behalf of such residents;

(q) exceptions shown in the commitment for title insurance dated _____, 2015, issued by _____;

(r) purchase money mortgages, security interests, and liens securing purchase money Indebtedness for capital expenditures permitted by this Loan Agreement; or

(s) any other liens on the Mortgaged Property expressly permitted by this Loan Agreement and approved in writing by the owner of the Bond.

“**Person**” means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, a trust, or an unincorporated organization.

“**Prepayment Amount**” means the amount that the Borrower may or is required to pay to the Lender as assignee of the Issuer to prepay all or part of the Loan, which amount shall equal (a) the principal amount of the Loan which is being prepaid, plus (b) accrued interest thereon to the date of prepayment, plus (c) any other amounts then due to the Lender under this Loan Agreement, plus (d) the applicable Prepayment Premium, if any.

“**Prepayment Premium**” means (a) if the prepayment occurs within 1 year from the Closing Date, an amount equal to 5.0% of the outstanding principal balance of the Loan being prepaid, (b) if the prepayment occurs more than 1 year from the Closing Date and within 2 years from the Closing Date, an amount equal to 4.0% of the outstanding principal balance of the Loan being prepaid (c) if the prepayment occurs more than 2 years from the Closing Date and within 3 years from the Closing Date, an amount equal to 3.0% of the outstanding principal balance of the Loan being prepaid, (d) if the prepayment occurs more than 3 years from the Closing Date and within 4 years from the Closing Date, an amount equal to 2.0% of the outstanding principal balance of the Loan being prepaid, and (e) if the prepayment occurs more than 4 years from the Closing Date and within 10 years from the Closing Date, an amount equal to 1.0% of the outstanding principal balance of the Loan being prepaid; provided, however, that no Prepayment Premium shall be due if (1) the prepayment occurs more than 10 years from the Closing Date, or (2) the prepayment is made from the Borrower’s own internally generated funds or from a bona fide sale of the Mortgaged Property in total to an unrelated third party in which the Borrower has no direct or indirect beneficial ownership.

“**Prime Rate**” means the prime rate as from time to time published in the “Bonds, Rates and Yields” section of the Wall Street Journal or other authorization source selected by the Lender or if the Wall Street Journal or another authorization source is not available, then as the Prime Rate is otherwise established by the Lender in its sole discretion.

“**Project**” means improvements to the Facilities set forth on **Exhibit A** used in connection with the Borrower’s operations, together with all improvements, fixtures, modifications, additions, repairs, accessions and accessories incorporated therein or affixed to the Facilities, and all replacements and substitutions therefor pursuant to **Article VIII**.

“**Project Costs**” means all costs of the Construction of the Project, including, without limitation, the following: (a) the cost of construction, extension, improvement, repair and reconstruction; (b) the cost of acquisition, including rights in land and other property, both real and personal and improved and unimproved, and franchises, and disposal rights; (c) the cost of demolishing, removing or relocating any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated; (d) the cost of machinery and equipment, of engineering and architectural surveys and plans, and specifications and of transportation and storage until the Project is operational; (e) the cost of agents or consultants, including, without limitation, legal, financial, engineering, accounting and auditing, necessary or incident to the Project and of the determination as to the feasibility or practicability of undertaking the Project; and (f) the cost of financing the Project.

“**Purchase Date**” means (a) the date that is ten (10) years from the Closing Date and any date thereafter, and (b) any date that a Determination of Taxability occurs.

“**State**” means the State of Illinois.

“Taxability Event” means a final determination by the Internal Revenue Service that (a) interest on the Bond is not excludable from gross income for federal income tax purposes or (b) the Bond is not a “qualified tax-exempt obligation” as such term is defined in Section 265(b)(3)(B)(i) of the Code.

“Taxable Rate” means the taxable equivalent yield on the Bond such that the Lender as the holder of the Bond shall realize a rate of return on the Bond equal to that of the Interest Rate if the Bond continued to bear interest that is excludable from gross income for federal income tax purposes. The determination of the Taxable Rate shall be made solely by the Lender in good faith (which determination if made in good faith shall be presumed to be correct absent manifest error) who shall utilize its own financial information and tax liability to determine the taxable equivalent yield on the Bond, which Taxable Rate and basis for calculating the same shall be provided by the Lender to the Issuer and the Borrower promptly after said determination.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated the date hereof between the Borrower and the Issuer, as the same may be amended from time to time in accordance with its terms.

“Tax-Exempt Organization” means 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 tax laws from time to time in effect.

“UCC” means the Uniform Commercial Code as adopted and in effect in the State.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in **Section 1.01**, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of all genders.

(b) Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivision of this Loan Agreement. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole.

(c) The headings or titles of the several articles and sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions of this Loan Agreement.

(d) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing to exclude items not listed.

ARTICLE II

THE BOND AND THE LOAN

Section 2.01. Issuance of the Bond.

(a) The Issuer shall issue the Bond to obtain money to make the Loan to the Borrower. The Bond shall (i) be in the form set forth in **Exhibit B** in a stated principal amount of not to exceed

\$10,000,000; (ii) be dated the Closing Date; (iii) be issued to the Lender and shall be outstanding in principal amounts advanced from time to time as provided herein; (iv) be payable as to principal and interest (subject to prepayment as provided herein and in the Bond) as provided herein; and (v) mature on the Maturity Date.

(b) The purchase price to be paid for the issuance of the Bond shall be an amount equal to the principal amount of the Bond advanced pursuant to the provisions of this Loan Agreement from time to time. The Bond Proceeds shall be advanced as provided and subject to the limitations in **Section 5.03**.

(c) The parties hereto recognize that the Bond is and has been designated in the amount of Ten Million Dollars (\$10,000,000) as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

Section 2.02. Loan. Simultaneously with the advance by the Lender of any portion of the purchase price of the Bond in accordance with **Section 2.01**, the Issuer will lend to the Borrower an amount equal to such advance of the principal amount of the Bond, and the Borrower will borrow such amount from the Issuer. Notwithstanding anything in this Loan Agreement to the contrary, on the Closing Date, the Initial Advance shall be advanced under the Bond and the Note. The Issuer’s obligation to pay the principal and interest on the Bond and the Borrower’s obligation to repay the Loan shall commence, and interest shall begin to accrue, from the Closing Date.

Section 2.03. Interest. The principal amount of the Bond and the Loan outstanding from time to time shall bear interest (computed on the basis of a 360-day year and actual days elapsed) at the Interest Rate; provided, however, whenever an Event of Default under **Section 10.01** has occurred and is continuing, from and after the time such Event of Default has been declared by the Lender, the principal amount of the Bond and the Loan outstanding shall bear interest at the Default Rate.

Section 2.04. Payments. The Issuer shall pay on the Interest Payment the principal of and interest on the Bond, but only out of the amounts paid to the Issuer by the Borrower pursuant to this Loan Agreement.

The Borrower shall pay to the Lender, as assignee of the Issuer, interest only on the Interest Payment Date on the outstanding principal amount of the Bond advanced from time to time in accordance with **Section 5.03** for the first 2 years from the Closing Date.

On the Interest Payment Date following the second anniversary of the Closing Date, the outstanding principal amount of the Loan shall be amortized in equal monthly installments of principal and interest over a 25-year period. Borrower shall pay principal of and interest on the Loan on the Interest Payment Date to the Lender, as assignee of the Issuer, as provided in an amortization schedule to be prepared by the Lender and agreed to by the Borrower and attached to the original Note.

All amounts required to be paid by the Borrower hereunder shall be paid in lawful money of the United States of America in immediately available funds. As security for its obligation to pay the principal of and interest on the Bond, the Issuer assigns to the Lender all of the Issuer’s right to receive Loan Payments hereunder, all of the Issuer’s other rights under the Issuer Documents (except for the right to receive any Additional Payments and any other fees and expenses to the extent payable to the Issuer, any rights of the Issuer to indemnification and rights of notice, inspection and consent), and the Issuer appoints the Lender and any officer or agent of the Lender to collect the Loan Payments and any other payments due to the Lender (other than payments described in the preceding parenthetical), as the Issuer’s assignee, under the Note or any Borrower Document and to sue in any court for such Loan Payments or other payments and to exercise all rights under Issuer Documents with respect to the Project and to withdraw or settle any claims, suits or proceedings pertaining thereto. Loan Payments and other

payments shall be made by the Borrower directly to the Lender, as the Issuer's assignee, and shall be credited against the Borrower's obligations under the Note and the Issuer's payment obligations under the Bond and this Loan Agreement.

Any payment of principal, interest or other amounts payable under the Borrower Documents to the Lender, as assignee of the Issuer, which is not received within fifteen (15) days of the due date shall be subject to a late charge equal to 5% of the amount of the delinquent payment.

Section 2.05. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment may be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or the fees hereunder, as the case may be.

Section 2.06. Loan Payments Unconditional. The obligations of the Borrower to make the Loan Payments and Additional Payments and to make other payments hereunder and to perform and observe the covenants and agreements contained herein shall be absolute and unconditional in all events, without abatement, diminution, deduction, setoff or defense for any reason. Notwithstanding any dispute between the Borrower and any of the Issuer, the Lender or any other Person, the Borrower shall make all Loan Payments when due and shall not withhold any Loan Payments pending final resolution of the dispute, nor shall the Borrower assert any right of set-off or counterclaim against its obligation to make Loan Payments.

Section 2.07. Prepayments.

(a) The Borrower may prepay the Loan in whole or in part at any time by paying the applicable Prepayment Amount.

(b) The Borrower shall prepay the Loan in whole or in part at any time required by **Article VIII** by paying the applicable Prepayment Amount.

(c) The Borrower shall prepay the Loan in full immediately upon demand of the Lender after the occurrence of an Event of Default by paying the applicable Prepayment Amount.

Upon any prepayment in part of the Loan, the prepayment shall be applied in the following order: (i) to interest accrued on the Loan, (2) to the principal of the Loan, which reduction of principal shall not affect the monthly payment amount established pursuant to **Section 2.04** herein or timing of such payments, but shall cause the term of the Loan to be reduced, and (iii) to the Prepayment Premium, if any. The Bond shall be subject to prepayment upon the same terms as the Loan, and, upon any prepayment of the Loan, the Bond shall be deemed to be prepaid to the same extent that the Loan is prepaid.

Section 2.08. Special Obligations. The Bond shall not constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers, nor shall it constitute a debt or liability of the State, any political subdivision or any public agency thereof or a pledge of the faith and credit of the State or any political subdivision thereof, but shall be payable solely from the funds provided therefor pursuant to this Loan Agreement. The Bond is a special, limited revenue obligation of the Issuer, and the Issuer shall under no circumstances be obligated to make payments of the principal of and interest on the Bond or any Project Cost except from Loan Payments received from the Borrower and Bond Proceeds.

Neither the faith and credit nor the taxing power of the State, the Issuer or any political subdivision of the State is pledged to the payment of the principal of or interest on the Bond, nor is the

State, the Issuer or any other political subdivision of the State, in any manner obligated to make any appropriation for that purpose.

No provision, covenant or agreement contained in this Loan Agreement or any obligation herein imposed on the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability, a charge upon its general credit or a pledge of its general revenues. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Issuer has not obligated itself except with respect to the application of the Loan Payments to be paid by the Borrower. No recourse shall be had by the Lender or the Borrower for any claim based on this Loan Agreement or the Tax Compliance Agreement against any board member, officer, employee or agent of the Issuer alleging personal liability on the part of that person, unless the claim is based on the willful dishonesty of or intentional violation of Law by that person.

Section 2.09. Additional Payments. The Borrower will pay to the Issuer, to the Lender or to another party, as appropriate, as “Additional Payments” any amounts incurred by the Lender or the Issuer after the Closing Date in payment of reasonable costs and expenses in connection with the performance or enforcement of the Bond or the Borrower Documents and the financing of the Project, including (a) application, commitment or financing fees, if any; (b) indemnification payments pursuant to **Section 6.03** and **Section 6.07**; (c) all taxes and assessments of any type or character charged to the Issuer or the Lender affecting the amount available to the Issuer from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments), but excluding franchise or other taxes based upon or measured by the net income of the Issuer or the Lender; provided that the Borrower shall have the right to protest and contest any such taxes or assessments and to require the Issuer or the Lender, at the Borrower’s expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless that withholding, protest or contest would adversely affect the rights or interests of the Lender or the Issuer; (d) the fees and expenses of any accountants, consultants, attorneys and other experts that may be engaged by the Issuer or the Lender to prepare audits, financial statements, reports or opinions or to provide such other services reasonably required under this Loan Agreement or the Tax Compliance Agreement, or otherwise in connection with the Loan or the Bond; (e) insurance premiums required to be paid hereunder; (f) any rebate payments payable to the United States of America or other payments payable pursuant to the Tax Compliance Agreement; (g) all other reasonable, direct and necessary administrative costs of the Lender or the Issuer and other charges required to be paid in order to comply with, or to enforce its rights under, the Bond or the Borrower Documents; (h) any additional funds necessary to pay Project Costs pursuant to **Section 5.03**; and (i) any other payments required to be made by the Borrower under this Loan Agreement or the Tax Compliance Agreement. Such Additional Payments shall be billed to the Borrower by the Lender or the Issuer, as the case may be, from time to time, together with a statement certifying that the amount so billed has been paid for one or more of the items described, or that it is then payable for those items. Amounts so billed shall be due and payable by the Borrower within 30 days after receipt of the bill by the Borrower.

Section 2.10. Origination Fee. An origination fee of \$10,000 shall be due and payable by the Borrower to Lender at the closing of the transactions contemplated by this Loan Agreement. In addition, the Borrower shall pay to the Lender all reasonable legal costs and out of pocket expenses of the Lender, including, without limitation, attorney fees, appraisal fees, filing fees and recording fees associated with the Loan.

Section 2.11. Purchase at Lender Option. The Bond shall be purchased, at the option of the Lender, on any Purchase Date specified by the Lender at a purchase price equal to the principal amount

thereof plus, if such Purchase Date is not an Interest Payment Date, accrued interest to such Purchase Date. In order to exercise such option with respect to the Bond, the Lender must deliver to the Borrower an irrevocable Lender Election Notice substantially in the form attached as **Exhibit G** hereto, which Lender Election Notice must be received by the Borrower at least ninety days prior to the Purchase Date specified in such Lender Election Notice and pursuant to which the Lender shall agree to deliver the Bond to the Borrower, duly endorsed in blank for transfer, on or prior to 11:00 a.m., Chicago, Illinois time, on such Purchase Date. If the Lender delivers a Lender Election Notice with respect to the Bond and the Bond is not delivered to the Borrower by 11:00 a.m., Chicago, Illinois time, on the date it is to be purchased in accordance with this Section, the Bond shall be deemed to have been purchased on such date and shall cease to bear interest on such date.

ARTICLE III

CONDITIONS OF LENDING

Section 3.01. Conditions Precedent to Initial Advance. As conditions precedent to the Initial Advance, Lender shall have received, on or before the day of such Initial Advance, all of the following, dated and in form and substance satisfactory to Lender:

(a) This Loan Agreement, the Bond, the Note, the Endorsement to the Note, the Mortgage, the Disbursement Agreement and the Tax Compliance Agreement, each properly executed on behalf all parties thereto;

(b) Each document (including UCC financing statements) requested by Lender to be filed, registered or recorded in order to perfect the Liens granted hereunder (to the extent the same may be perfected by filing) in favor of Lender on the Mortgaged Property, in proper form for filing, registration or recording;

(c) A certificate of Borrower's secretary as to: (i) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Loan Agreement and each other Borrower Document to be executed by Borrower; (ii) the incumbency and signatures of Borrower's officers authorized to act with respect to this Loan Agreement and the other Borrower Documents to be executed by Borrower (upon which certificate Lender may conclusively rely until it shall have received a further certificate from a duly authorized officer of Borrower canceling or amending such prior certificate, which further certificate shall be reasonably satisfactory to Lender); and (iii) copies of Borrower's articles of incorporation and bylaws and all amendments thereto (with Borrower's articles of incorporation certified by the Illinois Secretary of State on a date reasonably acceptable to Lender);

(d) A current Certificate of Good Standing for Borrower from the Illinois Secretary of State;

(e) An opinion of counsel to Borrower in form acceptable to Lender addressing matters reasonably requested by Lender;

(f) An approving opinion of bond counsel as counsel to the Issuer, in form and substance reasonably satisfactory to Lender;

(g) An ALTA commitment for a mortgagee's policy of title insurance issued to Lender by a title company selected by the Borrower and deemed acceptable by the Lender for the full principal amount of the Loan, with extended coverage and insuring the priority of the Mortgage against mechanics liens;

(h) An ALTA/ACSM minimum standard survey for the Mortgaged Premises, certified to Lender and the title insurer in a form satisfactory to Lender, showing all easements, encroachments and other matters affecting the Mortgaged Premises;

(i) A budget for the Construction, in form, detail and substance satisfactory to Lender;

(j) Evidence (including appropriate insurance certificates and endorsements) that all insurance policies, coverages and riders required pursuant to this Loan Agreement are in effect;

(k) Payment of the origination fee on the Loan as provided in **Section 2.10**;

(l) Payment of all reasonable costs and expenses incurred by Lender or the Issuer in preparing this Loan Agreement, the Issuer Documents, the Borrower Documents, and securing the Loan;

(m) Plans and specifications for the Project;

(n) A current MAI Appraisal report for the Mortgaged Premises, certified to the Lender, setting forth the current fair market value of the Mortgaged Premises, including the Project, of at least \$17,000,000;

(o) A Phase I environmental report relating to the Mortgaged Premises acceptable to the Lender; and

(p) Such other documents or certificates of the Borrower as may be reasonably requested by Lender or bond counsel.

Section 3.02. Conditions Precedent to Subsequent Advances. As conditions precedent to any advances under the Loan after the Initial Advance, Lender shall have received the following, on or before the day of such advances:

(a) Evidence, including supporting documentation, that Borrower has made the Initial Expenditure and the disbursement thereof pursuant to the Disbursement Agreement;

(b) Contractor and subcontractor sworn statements and lien waivers;

(c) Date down endorsement and mechanic's lien certification issued by the title company;

(d) Current projection of estimated cost of completion of the construction; and

(e) Certification of the Borrower that no material adverse change in the financial condition of the Borrower has occurred.

Section 3.03. Conditions Precedent to Final Advance. As conditions precedent to the final advance under the Loan, Lender shall have received the following, on or before the day of such advance:

(a) Evidence of the insurance required by **Section 6.06**;

(b) "As built" survey for the Mortgaged Premises, certified to Lender and the title insurer in a form satisfactory to Lender;

(c) The Completion Certificate, evidence of occupancy permits, and the final title policy in a form satisfactory to Lender; and

(d) Certification of the Borrower that no material adverse change in the financial condition of the Borrower has occurred.

Section 3.04. Further Condition Precedents to All Advances. All advances under the Loan shall be subject to the further condition precedent that on the date of each advance:

(a) The representations and warranties of Borrower set forth in this Loan Agreement and the other Borrower Documents shall be true and correct in all material respects on and as of the date of such advance as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date; and

(b) No Event of Default, or any other event which, if it continues uncured, will, with lapse of time or notice or both, constitute an Event of Default, exists under this Loan Agreement or any other Borrower Document.

(c) The Borrower agrees that the Loan shall at all times remain in balance and shall maintain the Loan in balance. The Loan shall be deemed to be in balance only when the unadvanced proceeds of the Bond equal or exceed the amount which heretofore has been estimated and agreed upon as being necessary to pay for all work completed and all materials delivered, for which payment has not been made, and the costs of completing the Project in accordance with the plans and specifications.

(d) Approval of the construction engineer or architect.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of Issuer. The Issuer represents, warrants and covenants for the benefit of the Lender and the Borrower, as follows:

(a) The Issuer is a political subdivision duly organized and validly existing under the laws of the State.

(b) The Issuer is authorized to issue the Bond and to enter into this Loan Agreement, the Tax Compliance Agreement, the Endorsement to the Note and the transactions contemplated hereby and to perform all of its obligations hereunder.

(c) The Issuer has duly authorized the issuance of the Bond and execution and delivery of the Issuer Documents by a resolution adopted by its governing body, and all requirements have been met and procedures have occurred in order to ensure the enforceability of the Bond and the Issuer Documents against the Issuer. The Issuer has taken all necessary action required to make the Bond and the Issuer Documents the valid and binding obligation of the Issuer.

(d) The officers of the Issuer executing the Bond, the Issuer Documents and any related documents have been duly authorized to execute and deliver the Bond, the Issuer Documents and the related documents by a resolution of the governing body of the Issuer.

(e) The Bond and the Issuer Documents are legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other Laws of general application relating to the enforcement of creditors' rights, the application of equitable principles, and to the limitations on enforcement remedies against public entities in the State.

(f) The Issuer has assigned to the Lender all of the Issuer's rights in this Loan Agreement (except for the right to receive any Additional Payments to the extent payable to the Issuer, any rights of the Issuer to indemnification and rights of notice, inspection and consent) and the Note.

(g) The Issuer has not and will not pledge, mortgage or assign this Loan Agreement, the Note or its duties and obligations hereunder to any person, firm or corporation, except as provided under the terms hereof.

(h) None of the issuance of the Bond or the execution and delivery of the Issuer Documents, the consummation of the transactions contemplated thereby or the fulfillment of or compliance with the terms and conditions of the Bond or the Issuer Documents violates any Law, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited Lien upon any of the property or assets of the Issuer under the terms of any instrument or agreement.

(i) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Issuer's knowledge, threatened against or affecting the Issuer, challenging the Issuer's authority to issue the Bond and to enter into the Issuer Documents or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of the Bond, the Issuer Documents or any other transaction of the Issuer which is similar hereto, or the exclusion of the interest on the Bond from gross income for federal income tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by the Issuer Documents.

(j) No member, officer or other official of the Issuer has any financial interest whatsoever in the Borrower or in the transactions contemplated by the Issuer Documents.

Section 4.02. Representations and Warranties of the Borrower. The Borrower represents, warrants and covenants for the benefit of the Lender and the Issuer, as follows:

(a) *Organization; Tax-Exempt Status; Authority.* The Borrower (i) is a private not-for-profit corporation duly organized and validly existing under the laws of the State not operated for private or corporate profit, (ii) is a Tax-Exempt Organization, (iii) has not declared and has not been determined to have any "unrelated business taxable income" as defined in Section 512 of the Code which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, could have a material adverse effect on the condition, financial or otherwise, of the Borrower, (iv) has the lawful power and authority to enter into, execute and deliver this Loan Agreement, and to execute and deliver the Note and the other Borrower Documents required to be executed and delivered by it in connection with the issuance of the Bond and to perform its obligations hereunder and thereunder and (v) by all necessary corporate action, has been duly authorized to execute and deliver this Loan Agreement, the Note, the other Borrower Documents and all other documents contemplated hereby and thereby in connection with the issuance of the Bond, acting by and through its duly authorized officers.

(b) *Enforceability.* The Borrower Documents constitute valid and legally binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other Laws and equitable principles of general application relating to or effecting the enforcement of creditors' rights.

(c) *Absence of Litigation.* There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Borrower's knowledge, threatened against or affecting the Borrower, challenging the Borrower's authority to enter into the Borrower Documents or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of the Borrower Documents or any other transaction of the Borrower which is similar hereto, or the exclusion of the interest on the Bond from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by the Borrower Documents.

(d) *Licenses, Permits and Approvals.* The Borrower is duly authorized and has all necessary licenses and permits to occupy and operate the Facilities under the laws and regulations of the State and the departments, agencies and political subdivisions thereof, and the Borrower has obtained or will obtain all requisite approvals of federal, state and local governmental bodies necessary for the acquisition, construction and equipping of the Project. The authorization, execution, delivery and performance by the Borrower of the Borrower Documents or any other documents that name the Borrower as a party in connection with the Loan do not require submission to, approval of, or other action by any governmental authority or agency, other than any action that has been taken and is final and nonappealable.

(e) *Financial Statements and Other Information.* All financial statements that the Borrower has heretofore furnished to the Lender accurately present the financial condition of the Borrower on the dates thereof and the results of its operations and cash flows for the periods then ended and were prepared in accordance with GAAP. Since the date of the most recent financial statements, there has been no material adverse change in the business, properties or condition (financial or otherwise) of the Borrower.

(f) *No Conflicts.* The execution and delivery of the Borrower Documents, the consummation of the transactions contemplated by the Borrower Documents and the fulfillment of the terms and conditions of the Borrower Documents do not and will not violate any Law, conflict with or result in a breach of any of the terms or conditions of the articles of incorporation or bylaws of the Borrower or of any corporate restriction or of any agreement or instrument to which the Borrower 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 prohibited Lien upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement.

(g) *Environmental Laws.* The Facilities are properly zoned for their current and anticipated use and the use of the Facilities will not violate any applicable zoning, land use, environmental or similar Law or restriction. The Borrower has all licenses and permits to acquire, construct or use the Facilities (other than building, occupancy, operating and similar licenses and permits that are not presently obtainable that the Borrower expects will be issued at or before the time that they will be required and has no reason to believe otherwise).

The Borrower has obtained all permits, licenses and other authorizations that are required under Laws relating to emissions, discharges, releases of pollutants, contaminants, hazardous or toxic materials, or wastes into ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or hazardous or toxic materials or wastes ("**Environmental Laws**") at the Facilities or in connection with the operation of the Facilities. The Borrower and all activities of the Borrower at the Facilities comply with all Environmental Laws and with all terms and conditions of any required permits, licenses and authorizations applicable to the Borrower with respect thereto. The Borrower is also in compliance with all limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in Environmental Laws or contained in any plan, order, decree, judgment or notice of which the Borrower is aware. The Borrower has not received notice of, any

events, conditions, circumstances, activities, practices, incidents, actions or plans that may interfere with or prevent continued compliance with, or which may give rise to any liability under, any Environmental Laws.

(h) *Warranty of Title.* The Borrower has good and marketable title to the Facilities, free and clear of all mortgages, liens, security interests, charges and encumbrances except Permitted Encumbrances, and there exists no mortgage, lien, security interest, charge or encumbrance (including, without limitation, any mechanic's lien or judgment lien) on such Facilities. Pursuant to the Mortgage, the Borrower is conveying to the Lender a valid first priority mortgage lien on the Mortgaged Premises, and is granting to the Lender a valid first priority security interest in the Mortgaged Property. The Borrower is lawfully possessed of all such property and is the owner thereof as aforesaid free and clear of all mortgages, liens, security interests, charges or encumbrances whatever; except Permitted Encumbrances. The Borrower has full power and authority to mortgage the Mortgaged Premises and to grant a security interest in the Mortgaged Property.

(i) *Compliance with ERISA.* Borrower shall comply with all requirements of the Employment Retirement Income Security Act of 1974, as amended from time to time ("**ERISA**") with respect to any pension plan or multiemployer pension plan maintained by Borrower, make contributions to all such plans in a timely manner and in an amount sufficient to comply with the requirements of ERISA, notify Lender within 30 days of receipt by Borrower of any notice of the institution of any proceeding or other action which may result in the termination of any plan maintained by Borrower, and to the extent applicable to Borrower, acquire and maintain in amounts satisfactory to Lender from either the Pension Benefit Guaranty Corporation or an authorized private insurer, when available, the contingent employer liability coverage insurance provided for under Section 4023 (or any amendments thereof or successors thereto) of ERISA.

(j) *Solvency.* On date of this Loan Agreement, and immediately prior to and after giving effect to the borrowings under the Loan and the use of the proceeds thereof, Borrower is and will remain Solvent. For purposes of this provision, the term "Solvent" means that: (a) the fair value of Borrower's assets is greater than the amount of its liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated in accordance with GAAP; (b) Borrower is able to realize upon its assets and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (c) Borrower does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature; and (d) Borrower has reasonably sufficient capital to engage in its current business and in the business in which it intends to engage.

(k) *Compliance With Anti-Terrorism Orders.* Borrower is not an entity or person listed on the Specifically Designated Nationals and Blocked Persons List or other similar lists maintained by the Office of Foreign Assets Control ("**OFAC**"), the Department of Treasury, or other similar lists included in any Executive Orders (any and all parties or persons described in such lists are herein referred to as "**Prohibited Persons**"). Borrower covenants and agrees that Borrower will not: (a) conduct any business, or engage in any transaction or dealing with any Prohibited Person, including, but not limited to, the making or receiving of funds, goods, or services to or for the benefit of a Prohibited Person (provided this provision shall not be construed to prohibit Borrower from providing services to any person to the extent required by applicable law such as the Emergency Medical Treatment and Active Labor Act), or (b) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the foreign asset control regulations of OFAC, any enabling statute or Executive Order relating thereto, or any applicable Bank Secrecy Act law or regulation, as amended. Borrower further covenants and agrees to immediately notify Lender if Borrower has knowledge that it has not fully complied with the representations and covenants made in this **Section**

4.02(k). Borrower covenants and agrees to deliver from time to time to Lender any such certification or other evidence as may be requested by Lender in its reasonable discretion, confirming that Borrower has fully complied with its representations and covenants made in this paragraph.

(l) *Filing of Security Interest.* The Borrower grants to the Lender the authority to file all UCC financing statements necessary to protect the lien and security interest granted to the Lender, including all continuation statements.

Section 4.03. Representations and Warranties of Lender. The Lender represents and warrants for the benefit of the Issuer and the Borrower, as follows:

(a) The Lender is a State banking corporation duly organized, validly existing and in good standing under the laws of the State, has power to enter into this Loan Agreement and by proper corporate action has duly authorized the execution and delivery of this Loan Agreement.

(b) This Loan Agreement constitutes a valid and legally binding obligation of the Lender, enforceable against the Lender in accordance with its terms, except to the extent limited by bankruptcy, reorganization or other Laws of general application relating to or effecting the enforcement of creditors' rights.

(c) The execution and delivery of this Loan Agreement by the Lender, the Lender's consummation of the transactions contemplated hereby and the Lender's fulfillment of the terms and conditions hereof do not and will not violate any Law applicable to the Lender, conflict with or result in a breach of any of the terms or conditions of the articles of incorporation or bylaws of the Lender or of any corporate restriction or of any agreement or instrument to which the Lender 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 prohibited Lien upon any of the property or assets of the Lender contrary to the terms of any instrument or agreement.

(d) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Lender's knowledge, threatened against or affecting the Lender, challenging the Lender's authority to enter into this Loan Agreement or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Loan Agreement or any other transaction of the Lender that is similar hereto, or the exclusion of the interest on the Bond from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Loan Agreement.

(e) The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment in the Bond, and is able to bear the economic risk of that investment. The Lender has made its own inquiry and analysis with respect to the Borrower, the Issuer, this Loan Agreement, the Bond and the Loan Payments and the security therefor, and other material factors affecting the security and payment of the principal or and interest on the Bond and the Loan Payments.

(f) The Lender has either been supplied with or has had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Issuer, this Loan Agreement, the Bond and the Loan Payments and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and invest in the Bond.

(g) The Lender acknowledges that the Bond (1) is not being registered or otherwise qualified for sale under the “Blue Sky” Laws of any state, (2) will not be listed on any stock or other securities exchange and (3) will be issued in a form that may not be readily marketable.

(h) The Lender acknowledges that the Bond has not been registered under the Securities Act of 1933, as amended, and that such registration is not legally required. The Lender represents to the Issuer that it is purchasing the Bond for investment for its own account and not with a present view toward resale or the distribution thereof.

ARTICLE V

THE FACILITIES AND THE PROJECT

Section 5.01. Title to the Facilities. Legal title to the Facilities shall be in the Borrower. Except as permitted under the Borrower Documents, the Borrower will at all times protect and defend, at its own cost and expense, its title from and against all Liens of creditors of the Borrower, and keep the Facilities free and clear of all such Liens.

Section 5.02. Construction of the Project. The Borrower, utilizing the proceeds of the Bond and such other funds as are necessary, will construct, or will cause the Construction of, the Project, and will acquire, equip, construct and install all other facilities and real and personal property necessary for the operation of the Project, substantially in accordance with the plans and specifications prepared therefor by the Borrower, including any and all supplements, amendments, additions or deletions thereto or therefrom, it being understood that the approval of the Issuer or the Lender shall not be required for changes in such plans and specifications that do not alter the purpose or description of the Project as set forth in **Exhibit A** or decrease the value or useful life of the Project; provided, however, all changes to such plans specifications resulting in an increased cost of []% or more shall require the approval of the Lender. The Borrower will proceed with due diligence to complete the Construction of the Project within two years from the date hereof.

Section 5.03. Payment of Costs of Construction.

(a) The Lender shall advance the purchase price of the Bond, from time to time, to the Borrower for the account of the Issuer to pay Project Costs as provided in this **Section 5.03**; provided, however, after the Initial Advance, the Lender shall not be obligated to advance any amounts hereunder until the Borrower has caused not less than the Initial Expenditure to be expended for Project Costs. The Initial Expenditure, to the extent not expended by the Borrower prior to the Closing Date, shall be disbursed pursuant to the Disbursement Agreement.

(b) Upon the Lender’s receipt of a Disbursement Request substantially in the form attached to the Disbursement Agreement, executed by the Borrower, fully completed and with all supporting documents described therein attached thereto, an amount equal to the Project Costs as shown therein shall be disbursed pursuant to the Disbursement Request. The Lender shall keep and maintain a record of the amounts advanced pursuant to each Disbursement Request under the terms of this Loan Agreement as “Principal Amount Advanced” and shall enter the aggregate principal amount then outstanding as the “Cumulative Outstanding Principal Amount” on its records maintained for the Bond. The aggregate amount advanced from the proceeds of the Bond shall not exceed \$10,000,000. To the extent any such payment would cause the amount advanced pursuant to this Loan Agreement to exceed the principal amount of the Bond, the Borrower shall be liable for those Project Costs and shall pay those Project Costs. Any such payment by the Borrower shall not be a credit against, and shall not result in any reduction of, any amounts payable under the Bond or the Loan Agreement.

Section 5.04. Establishment of Completion Date; Obligation of the Borrower to Complete.

As soon as the Construction of the Project is completed, which shall not be later than 24 months from the date hereof, an authorized representative of the Borrower shall evidence the completion date by providing a Completion Certificate in the form attached hereto as **Exhibit E** stating that (a) Construction of the Project has been completed substantially in accordance with the plans and specifications therefor, and all labor, services, materials and supplies used in Construction have been paid for or stating the amount required to be retained to fully provide for any disputed amounts, and (b) all other equipment and facilities for the operation of the Project have been acquired, constructed and installed in accordance with the plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid or provided for or stating the amount required to be retained to fully provide for any disputed amounts. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Borrower against third parties. Borrower shall also provide to Lender an As-Built Survey for the Mortgaged Premises, certified to Lender and the title insurer, upon the completion of the Construction of the Project.

Section 5.05. Modification of the Project. In the event that the Borrower desires to modify or add to the Project, whether before or after the completion of Construction of the Project, that will alter the purpose or description of the Project as set forth in **Exhibit A** or decrease the value or useful life of the Project, such modification to the Project shall be undertaken only upon an amendment to **Exhibit A** which shall accurately set forth the description and purpose of the Project as so modified. Such amendment to **Exhibit A** shall become effective only upon the written consent of the Issuer and the Lender and receipt by the Issuer and the Lender of:

- (a) a certificate of the authorized representative of the Borrower describing in detail the proposed changes;
- (b) an opinion of bond counsel acceptable to the Issuer, the Lender and the Borrower stating to the effect that the proposed changes to the Project will not affect the exclusion of interest on the Bond from gross income for federal income tax purposes; and
- (c) a copy of the proposed form of amended or supplemented **Exhibit A**.

Section 5.06. Location of Project. The Borrower will not relocate all or any portion of the equipment or other personal property included in the Project unless it has received the prior written consent of the Issuer and the Lender.

Section 5.07. Use of the Facilities. The Borrower will not use, operate or maintain the Facilities in violation of any applicable Laws or in a manner contrary to that contemplated by this Loan Agreement and the Tax Compliance Agreement.

ARTICLE VI

AFFIRMATIVE COVENANTS OF THE BORROWER

The Borrower will comply with the following requirements, unless the Lender shall otherwise consent in writing:

Section 6.01. Reporting Requirements. The Borrower will deliver, or cause to be delivered, to the Lender, and to the Issuer if requested by the Issuer, each of the following, which shall be in form and detail acceptable to the Lender:

(a) as soon as available, and in any event within 150 days after the end of each fiscal year of the Borrower (or such longer period as is approved in writing by the Lender), audited annual financial statements of the Borrower, which annual financial statements shall include the balance sheet of the Borrower as of the end of such fiscal year and the related statements of operations, changes in net assets and cash flows of the Borrower for the fiscal year then ended, all in reasonable detail and prepared in accordance with GAAP applied on a basis consistent with the accounting practices applied in the financial statements referred to in **Section 4.02(e)**, together with a completed Compliance Certificate executed by the chief financial officer of the Borrower;

(b) as promptly as practicable (but in any event not later than seven days) after an officer of the Borrower obtains knowledge of the occurrence of any event that constitutes a Default, notice of that occurrence, together with a detailed statement by the chief executive officer, chief financial officer or president of the Borrower of the steps being taken by the Borrower to cure the effect of the Default.

Section 6.02. Books and Records; Inspection and Examination. The Borrower will keep accurate books of record and account for itself pertaining to the Project and pertaining to the Borrower's business and financial condition and such other matters as the Lender or the Issuer may from time to time request in which true and complete entries will be made in accordance with GAAP consistently applied and, upon request of the Lender or the Issuer, will permit any officer, employee, attorney or accountant for the Lender or the Issuer to audit, review, make extracts from, or copy any and all corporate and financial books, records and properties of the Borrower at all times during ordinary business hours, and to discuss the affairs of the Borrower with any of its directors, officers, employees or agents. The Borrower will permit the Lender or the Issuer, or their employees, accountants, attorneys or agents, to examine and copy any or all of its records (subject to applicable health care Laws and Laws relating to privacy and security) and to examine and inspect the Facilities following reasonable advance notice at any time during regular business hours.

Section 6.03. Compliance with Laws; Environmental Indemnity. The Borrower will (a) comply with the requirements of applicable Laws, the noncompliance with which would materially and adversely affect its business or its financial condition, (b) comply with all applicable Environmental Laws and obtain any permits, licenses or similar approvals required by Environmental Laws and (c) use and keep its properties, and require that others use and keep its properties, only for lawful purposes, without violation of any Law. The Borrower shall secure all permits and licenses, if any, necessary for the acquisition, construction and operation of its properties. The Borrower will comply in all respects with all Laws of the jurisdictions in which its operations involving any component of its properties may extend and of any legislative, executive, administrative or judicial body exercising any power or jurisdiction over its properties or its interest or rights under this Loan Agreement. The Borrower will indemnify, defend and hold the Lender and the Issuer and their members, directors, agents, officers, and attorneys harmless from and against any claims, loss or damage to which any of them may be subjected as a result of any past, present or future existence, use, handling, storage, transportation or disposal of any

hazardous waste or substance or toxic substance by the Borrower or on property owned, leased or controlled by the Borrower. This **Section 6.03** shall survive the termination of this Loan Agreement.

Section 6.04. Payment of Taxes and Other Claims. The Borrower will pay or discharge, when due, (a) all taxes, assessments and governmental charges levied or imposed upon it or upon its income or profits, upon any properties belonging to it prior to the date on which penalties attach thereto, (b) all federal, state and local taxes required to be withheld by it, and (c) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon any properties of the Borrower; provided that the Borrower shall not be required to pay any tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings unless the contest (taking into account any applicable reserves or surety) would adversely affect the rights or interests of the Issuer or the Lender. The Borrower will pay, as the same respectively come due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities, as well as all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities.

Section 6.05. Maintenance of Properties. The Borrower will, at its own expense, maintain, preserve and keep its properties in good repair, working order and condition, and will from time to time make all repairs and replacements necessary to keep its properties in such condition, ordinary wear and tear excepted.

Section 6.06. Insurance.

(a) The Borrower will, at its own expense, procure and maintain continuously in effect: (i) public liability and professional malpractice insurance for personal injuries, death or damage to or loss of property arising out of or in any way relating to facilities or operations, with coverage limits of not less than **[\$1,000,000 per occurrence and not to exceed \$2,500,000 in the aggregate]**, or, if a different coverage is required by the Lender, the coverage minimum required by the Lender, (ii) all risks property insurance regarding its facilities in an amount equal to at least the full replacement cost of the Project, and (iii) at all times during Construction, builders risk insurance in an amount equal to not less than 100% of the completed insurable value of the Project.

(b) If required by State law, the Borrower will carry workers' compensation insurance covering all employees on, in, near or about the Facilities, and upon request, will furnish to the Lender certificates evidencing that coverage.

(c) All insurance policies required by this **Section 6.06** shall be obtained from and maintained with insurance companies acceptable to the Lender, shall contain a provision that the insurer shall not cancel or make any material adverse change to coverage thereunder without giving written notice to the insured parties at least 30 days before the cancellation or revision becomes effective, be satisfactory in form, substance, limits, deductibles and retentions to the Lender, and name Lender as mortgagee, lender loss payee or additional insured as applicable on such policies. No insurance required by this **Section 6.06** shall be subject to any self-insurance or co-insurance clause except as approved in writing by the Lender and all deductibles shall be acceptable to the Lender. Prior to the Closing Date, the Borrower will deposit with the Lender evidence satisfactory to the Lender of the insurance required by this **Section 6.06** and, prior to the expiration thereof, will provide the Lender evidence of all renewals or replacements thereof.

(d) Notwithstanding the foregoing, the Borrower may insure the foregoing risks through a self-insurance or alternative risk management program if approved in writing by the Lender.

Section 6.07. Indemnity. As among the Lender, the Borrower and the Issuer (but not as between the Borrower and any other Person), the Borrower assumes all risks and liabilities from any cause whatsoever other than the gross negligence or willful misconduct of the Lender or the Issuer, whether or not covered by insurance, for loss or damage to the Facilities and for injury to or death of any person or damage to any property, whether the injury or death be with respect to agents or employees of the Borrower or of third parties, and whether the property damage be to the Borrower's property or the property of others. Whether or not covered by insurance, as among the Lender, the Borrower and the Issuer (but not as between the Borrower and any other Person), the Borrower hereby assumes responsibility for and agrees to reimburse the Lender and the Issuer for and will indemnify, defend and hold harmless the Lender and the Issuer and their members, directors, agents, officers and attorneys, at the Borrower's expense from and against all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against any of them that in any way relate to or arise out of this Loan Agreement, the transactions contemplated hereby and the Facilities, including (a) the design or Construction of the Project or the ownership of the Facilities, (b) the lease, occupancy, possession, condition, maintenance, use or operation of, work done in or about, or latent and other defects in the Project, (c) the condition of the Project sold or otherwise disposed of after possession by the Borrower, (d) any patent or copyright infringement by the Borrower, (e) the conduct of the Borrower, its officers, employees and agents, (f) a breach by the Borrower of any of its covenants or obligations under any Borrower Document, (g) any claim, loss, cost or expense involving alleged damage to the environment relating to the Project, including investigation, removal, cleanup and remedial costs, (h) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the Borrower Documents or the transactions contemplated thereby, or (i) any violation by the Borrower of any environmental law, rule or regulation or the release of any hazardous or toxic substance on or near the Project, (j) any act of negligence of the Borrower, its officers, agents, contractors, servants, employees, licensees or invitees in connection with the Project or the Borrower Documents, and (k) the recovery of claims under insurance policies on the Facilities. All amounts payable by the Borrower shall be paid immediately upon demand of the Issuer or the Lender regardless of whether any dispute related to those amounts has been resolved. This **Section 6.07** shall survive the termination of this Loan Agreement.

Section 6.08. Preservation of Existence. The Borrower will preserve and maintain its existence as a State not-for-profit corporation and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and shall conduct its business in an orderly, efficient and regular manner.

Section 6.09. Performance by Lender. If the Borrower at any time fails to perform or observe any of the covenants or agreements contained in the Borrower Documents, and if the failure continues for ten days after the Lender gives the Borrower written notice thereof (or in the case of the agreements contained in **Section 6.05** and **Section 6.06**, immediately upon the occurrence of the failure, without notice or lapse of time), the Lender may, but need not, perform or observe such covenant or agreement on behalf and in the name, place and stead of the Borrower (or, at the Lender's option, in the Lender's name) and may, but need not, take any and all other actions that the Lender may reasonably deem necessary to cure or correct the failure (including the payment of taxes, the satisfaction of security interests, Liens, the performance of obligations owed to account debtors or other obligors, the procurement and maintenance of insurance, the execution of assignments, security agreements and financing statements, and the endorsement of instruments); and the Borrower shall thereupon pay to the Lender on demand the amount of all money expended and all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Lender in connection with or as a result of the performance or observance of those covenants or agreements or the taking of the action by the Lender, together with interest thereon

from the date expended or incurred at the greater of the Default Rate or the highest rate permitted by Law. To facilitate the performance or observance by the Lender of the covenants or agreements of the Borrower, the Borrower hereby irrevocably appoints the Lender, or the delegate of the Lender, acting alone, as the attorney in fact of the Borrower with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file in the name and on behalf of the Borrower any and all instruments, documents, assignments, security agreements, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by the Borrower under the Borrower Documents.

Section 6.10. Limitations of Liability. In no event, whether as a result of breach of contract, warranty, tort (including negligence or strict liability), indemnity or otherwise, shall the Lender, its assignees, if any, or the Issuer be liable for any special, consequential, incidental, punitive or penal damages including loss of profit or revenue, loss of use of the Project or any associated equipment, service materials or software, damage to associated equipment, service materials or software, cost of capital, cost of substitute equipment, service materials or software, facilities, services or replacement power or down time costs.

Section 6.11. Financial Covenants. Borrower shall not permit the Debt Service Coverage Ratio for any 12-month period ending on the last day of a fiscal year to be less than 1.20 to 1.00, which shall be based on the audited annual financial statements of the Borrower.

Section 6.12. Principal Depository. The Lender will be the Borrower's principal depository.

Section 6.13. Construction Completion. Construction must be fully completed within twenty-four (24) months of the Closing Date.

Section 6.14. Loan Balance. The Borrower will maintain the Loan in balance at all times pursuant to **Section 3.04(c)** herein.

ARTICLE VII

NEGATIVE COVENANTS OF THE BORROWER

The Borrower will comply with the following requirements, unless the Lender shall otherwise consent in writing:

Section 7.01. Liens. The Borrower will not, directly or indirectly, create, incur, assume or suffer to exist any Lien on or with respect to the Facilities other than Permitted Encumbrances. The Borrower will promptly, at its own expense, take any action that may be necessary to discharge or remove any Lien not permitted by this **Section 7.01**. The Borrower will reimburse the Lender for any reasonable expenses incurred by the Lender to discharge or remove any Lien.

Section 7.02. Sale of Assets The Borrower will not sell, lease, assign, transfer or otherwise dispose of all or a substantial part of its assets or of any of the Project or any interest therein (whether in one transaction or in a series of transactions), except for: (a) dispositions of inventory in the ordinary course of business, (b) dispositions of obsolete, surplus or worn out property in the ordinary course of business, and (c) dispositions of investments in the ordinary course of business at fair market value.

Section 7.03. Consolidation and Merger. The Borrower will not consolidate with or merge into any Person, or permit any other Person to merge into it, or acquire (in a transaction analogous in purpose or effect to a consolidation or merger) all or substantially all the assets of any other Person.

Section 7.04. Accounting. The Borrower will not adopt, permit or consent to any material change in accounting principles other than as required by GAAP.

Section 7.05. Transfers. The Borrower will not in any manner transfer, including transfers to affiliates of the Borrower, any property without prior or present receipt of full and adequate consideration.

Section 7.06. Other Defaults. The Borrower will not permit any breach, default or event of default to occur under any bond, note, loan agreement, indenture, lease, mortgage, contract for deed, security agreement or other contractual obligation binding upon the Borrower or any judgment, decree, order or determination applicable to the Borrower.

Section 7.07. Other Indebtedness. The Borrower will not create, incur, assume or suffer to exist, contingently or otherwise, any Indebtedness except the following:

(a) The Indebtedness of Borrower under this Loan Agreement, the Note, or the refinancing of any thereof, and the other Borrower Documents;

(b) Indebtedness arising by reason of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(c) Indebtedness in the form of trade accounts payable arising in the ordinary course of business;

(d) Indebtedness subject to a subordination agreement in form and substance acceptable to Lender;

(e) Indebtedness secured by Liens permitted under **Section 7.01**; and

(f) Indebtedness in an amount not to exceed \$500,000 in principal amount during any fiscal year of the Borrower, the purpose of which shall be limited to capital expenditures with a maximum depreciation of five (5) years or less and the terms of which shall not exceed five (5) years.

Section 7.08. Loans, Investments and Guaranties. The Borrower will not lend or advance money, credit or property to any Person, or invest in (by capital contribution or otherwise), or acquire any interest whatsoever in, all or a substantial part of the assets or properties, of any Person, or guarantee, assume, endorse or otherwise become responsible for (directly or indirectly or by an instrument having the effect of assuring any other Person's payment or performance or capability) the Indebtedness, performance, or obligations of any Person, or agree to do any of the foregoing, except the following:

(a) endorsement of negotiable instruments for deposit or collection in the ordinary course of business;

(b) investments in readily marketable, direct obligations of the Government of the United States of America maturing not more than one year after the date of purchase thereof, commercial paper rated double "A" or better and/or in Certificates of Deposit issued by Lender;

(c) extensions of trade credit in the ordinary course of business; and

(d) loans and guarantees reasonably incurred in connection with the recruitment of physicians and other providers.

Section 7.09. Governing Documents. The Borrower will not amend its articles of incorporation or bylaws in a manner that would adversely affect Lender's rights or remedies under any of the Borrower Documents, or liquidate, dissolve or otherwise alter the form of Borrower.

Section 7.10. Tax-Exempt Status of Bond. The Borrower will not take, or fail to take, any action which action or failure will cause the interest on the Bond to become includable in the gross income for federal income tax purposes of the Lender so long as any portion of the Bond remains outstanding.

(a) It is the intention of the parties hereto that interest on the Bond shall be and remain excludable from the gross income for federal income tax purposes of the Lender as the holder of the Bond, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the Lender as of the holder of the Bond.

(b) In the event of the occurrence of a Determination of Taxability, the rate of interest payable on the unpaid principal balance of the Bond, commencing as of the date of the occurrence of a Taxability Event, shall be the Taxable Rate and if the Taxability Event occurs prior to the date the Loan is amortized pursuant to **Section 2.04** (the "**Amortization Commencement Date**") each subsequent regularly scheduled installment of interest due prior to the Amortization Commencement Date shall be at the Taxable Rate and if the Taxability Event occurs on or after the Amortization Commencement Date the monthly payments of principal and interest on the Bond shall be re-amortized using the Taxable Rate.

(c) If upon the occurrence of a Determination of Taxability, it is determined that any interest payments paid or accrued to the Lender as the holder of the Bond prior to the date of such Determination of Taxability are includable in Lender's gross income for federal income tax purposes, the Borrower shall pay to the Lender for the account of the Issuer, at Borrower's expense and subject to the indemnity provisions of this Loan Agreement, and the Borrower shall furnish to the Lender for the account of the Issuer the following amounts:

(1) from the date of the Taxability Event to the date of the occurrence of the Determination of Taxability, an amount equal to the difference between (A) the interest that would have been payable had such interest payments been calculated at the Taxable Rate and (B) the actual amount of such interest payments, plus

(2) the amount of penalties, additions to tax, exclusive of any taxes imposed under Section 11 (or any successor provision) of the Code, and interest assessed against the Lender on account of the inclusion of such interest payments in the Lender's gross income for federal income tax purposes ("Additions to Tax") that are deductible by the Lender for federal income tax purposes, plus

(3) an amount, which after the deduction of all federal, state or local taxes required to be paid by the Lender in respect of the receipt thereof (calculated at the maximum statutory rates applicable to the Lender) minus any tax benefit derived therefrom, shall be equal to the amount of any Additions to Tax that are not deductible by the Lender for federal income tax purposes.

(d) The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement, payment of the Note, prepayment of the Bond, or any purchase of the Bond by or on behalf of the Borrower, notwithstanding anything to the contrary in this Loan Agreement.

(e) If the Borrower shall have made any payments to the Lender by reason of paragraph (c) above and if the Lender shall successfully claim for the taxable year in question that all or any part of the

interest on the Bond for such taxable year is excluded from the Lender's gross income for federal income tax purposes (for this purpose a claim shall be successful only upon expiration of the statute of limitations provided by Section 6501 or any successor provision of the Code with respect to such taxable year), then the Lender shall pay to the Borrower for the account of the Issuer, but only from such funds as the Lender previously received from the Borrower, plus interest received from the government on the claim allowed, subject to expenses of the Lender which expenses shall be at Borrower's expense and subject to the indemnity provisions of this Loan Agreement, the lesser of an amount equal to such payment under paragraph (c) above with respect to such taxable year in question made by the Borrower, or the amount of the claim allowed, plus interest recovered by the Lender on the claim allowed.

(f) The Lender agrees to provide the Issuer and the Borrower with such information as may be necessary to verify the calculations under this **Section 7.10**.

(g) A Determination of Taxability shall not, by itself, result in a Default or Event of Default, but shall result in the Borrower's obligation to pay the Taxable Rate as provided herein.

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 8.01. Damage, Destruction and Condemnation; Use of Net Proceeds. The Borrower will provide a complete written report to the Lender immediately upon any loss, theft, damage, destruction or taking under condemnation or under the threat of condemnation of the Facilities or any portion thereof (the "**Damaged Portion**") to the extent that any of the foregoing is valued more than \$500,000 per event. If all or any portion of the Facilities is so lost, stolen, destroyed, damaged or taken, the Borrower will as soon as practicable either (a) repair, restore, reconstruct, replace or improve the Facilities at the Borrower's sole cost and expense to the same or an improved condition and value and to accomplish at least the same function as existed immediately before the loss, theft, damage, destruction or taking or (b) pay the Prepayment Amount for the Loan. If, within 45 days of the loss occurrence, (x) the Borrower fails to notify the Lender; (y) the Borrower and the Lender fail to execute an amendment to this Loan Agreement to the extent necessary to delete the Damaged Portion and add the replacement property to the description of the Facilities or (z) if the Facilities are not restored and the Borrower fails to pay the Prepayment Amount, then the Lender may, at its sole discretion, declare the Prepayment Amount to be immediately due and payable, and the Borrower is required to pay the same. Provided that no Event of Default has occurred that remains uncured, the Net Proceeds of insurance or any taking shall be made available by the Lender to be applied to discharge the Borrower's obligation under this **Article VIII**, and after so applied any excess shall be paid directly to the Borrower. If the Borrower elects to repair, restore, reconstruct, replace or improve the Facilities and if the Borrower or the Lender so requests by a notice in writing to the other parties to this Loan Agreement, the Net Proceeds shall be deposited with the Lender in escrow pending disbursement for that purpose under an escrow agreement. If the Net Proceeds are insufficient to discharge the Borrower's obligations under this **Article VIII**, the Borrower shall use its own funds to discharge its obligations under this **Article VIII**.

ARTICLE IX

ASSIGNMENT, LEASING AND SELLING

Section 9.01. Transfer and Assignment by Lender.

(a) The Bond may be transferred in whole or in part only if (1) the registered owner of the Bond has submitted to the Issuer the Bond accompanied by an assignment in substantially the form attached to the Bond duly executed by the registered owner of the Bond or such owner's attorney or legal representative; which assignment shall disclose the name, address and tax identification number of the assignee; (2) the Borrower shall consent to such assignment, and (3) the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission and the registered owner of the Bond has obtained and provided to the Issuer, prior to such transfer and assignment, an investor's letter in the form of **Exhibit D**. Upon any transfer meeting the requirements of this **Section 9.01**, the Issuer shall execute and deliver in exchange for the Bond a new Bond, registered in the name of the transferee, of the same outstanding principal amount, maturing in the same amount at the same time and bearing interest at the same rate.

(b) The Borrower authorizes the Lender to provide prospective assignees and participants with the contents of Lender's credit files and any other financial information required in connection therewith.

Section 9.02. No Sale, Lease or Assignment by Borrower. Neither this Loan Agreement nor the Project or any part thereof may be sold, leased, assigned or encumbered by the Borrower without the prior written consent of the Lender and the Issuer and an opinion of bond counsel acceptable to the Issuer, the Lender and the Borrower that is obtained and provided to the Issuer and the Lender in a form acceptable to the Issuer and the Lender to the effect that the exclusion of the interest on the Bond from gross income for federal income tax purposes will not be affected by such action.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default. The following constitute "Events of Default" under this Loan Agreement:

(a) failure by the Borrower to pay to the Lender, as assignee of the Issuer, any Loan Payment when due;

(b) failure by the Borrower to maintain any covenant contained in **Section 6.06**, **Section 6.11** or **Article VII**;

(c) failure by the Borrower or the Issuer to comply with or to perform any other covenant, condition or agreement contained in this Loan Agreement or any other Issuer Document or Borrower Document on its part to be observed or performed (and not constituting an Event of Default under any other provision of this **Section 10.01**) and which is not cured within 30 days after written notice is given to the Borrower or the Issuer, as the case may be, specifying such failure and requesting that it be remedied; provided that, if the failure stated in such notice cannot reasonably be corrected within such 30-day period, the Lender will not unreasonably withhold its consent to an extension of such time, not to

exceed a period of 60 days (or such other period as may be reasonably agreed to by the Borrower and Lender), if corrective action is instituted by the Borrower or the Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected;

(d) initiation by the Issuer of a proceeding under any federal or state bankruptcy or insolvency law seeking relief under such laws concerning the indebtedness of the Issuer;

(e) the Borrower shall be or become insolvent, or admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or the Borrower shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed without the application or consent of the Borrower; or the Borrower shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against the Borrower; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of the Borrower and any of the foregoing shall not be dismissed, stayed or bonded within ninety (90) days after the occurrence thereof;

(f) determination by the Lender that any representation or warranty made by the Borrower or the Issuer in any Issuer Document or Borrower Document was untrue in any material respect when made; or

(g) the occurrence of a judgment, default or an event of default under any instrument, agreement or other document evidencing or relating to any Indebtedness or other monetary obligation of the Borrower in an amount greater than \$100,000.

Section 10.02. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lender, as assignee of the Issuer, shall have the right, at its sole option without any further demand or notice (except as required by applicable Laws), to take any one or any combination of the following remedial steps:

(a) by notice to the Issuer and the Borrower, declare the entire unpaid principal amounts of the Bond and the Loan then outstanding, all interest accrued and unpaid thereon and all amounts payable under this Loan Agreement to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without presentment, notice of dishonor, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower and the Issuer;

(b) exercise any remedy available under any other Borrower Document;

(c) proceed by appropriate court action to enforce specific performance by the Issuer or the Borrower of the applicable covenants of this Loan Agreement or to recover for the breach thereof, including the payment of all amounts due from the Borrower. The Borrower shall pay or repay to the Lender or the Issuer all costs of such action or court action, including reasonable attorneys' fees; and

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights with respect to the Project or under the Borrower Documents. The Borrower shall pay or repay to the Lender or the Issuer all costs of that action, including reasonable attorneys' fees and expenses.

(e) declare the Loan and all other indebtedness of Borrower to the Lender immediately due and payable and all commitments of the Lender to make further extensions of credit or advances to the

Borrower shall immediately terminate all without notice of any kind, notwithstanding any contrary terms of any promissory note or other agreement.

All proceeds from the exercise of remedies shall be applied in the following manner:

FIRST, to pay all reasonable costs and expenses associated with the exercise of any remedies, including reasonable attorneys' fees and expenses;

SECOND, to pay (1) the Lender the amount of all unpaid Loan Payments, if any, that are then due and owing, together with interest and late charges thereon and (2) the Lender the then applicable Prepayment Amount (taking into account the payment of past due Loan Payments as provided); and

THIRD, to pay the remainder of the proceeds to the Borrower.

Notwithstanding any other remedy exercised hereunder, the Borrower shall remain obligated to pay to the Lender any unpaid portion of the Prepayment Amount.

Section 10.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender or the Issuer is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver thereof, but any right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender or the Issuer to exercise any remedy reserved to it in this **Article X**, it shall not be necessary to give any notice other than any notice required by this **Article X**. All remedies herein conferred upon or reserved to the Lender or the Issuer shall survive the termination of this Loan Agreement.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Disclaimer of Warranties. THE LENDER AND THE ISSUER MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT, OR ANY OTHER WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT THERETO. IN NO EVENT SHALL THE LENDER OR THE ISSUER BE LIABLE FOR ANY LOSS OR DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LOAN AGREEMENT, THE PROJECT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE BORROWER'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS LOAN AGREEMENT.

Section 11.02. Tax Compliance Agreement. The Issuer, the Borrower and the Lender will each comply fully at all times with the Tax Compliance Agreement, and neither the Issuer, the Borrower nor the Lender will take any action, or omit to take any action, which, if taken or omitted, respectively, would violate the Tax Compliance Agreement.

Section 11.03. Notices. All notices, certificates, requests, demands and other communications provided for hereunder or under the Tax Compliance Agreement shall be in writing and shall be either: (a) personally delivered, (b) sent by first-class United States mail, postage prepaid, (c) sent by overnight

courier of national reputation, or (d) transmitted by facsimile, in each case addressed to the party to whom notice is being given at its address as set forth below and, if sent by facsimile, transmitted to that party at its facsimile number set forth below or, as to each party, at any other address or facsimile number hereafter designated by that party in a written notice to the other parties complying as to delivery with this **Section 11.03:**

Borrower: Clark-Lindsey Village, Inc.
101 West Windsor Road
Urbana, Illinois 61802
Attn: Vice President of Finance & Technology
Telephone: (217) 344-2144
Facsimile: (217) 344-9147

with a copy to: _____

Telephone: (____) ____ - ____
Attn: _____
Facsimile: (____) ____ - ____

Issuer: City of Urbana, Champaign County, Illinois
400 South Vine Street
Urbana, Illinois 62801
Attn: _____
Telephone: (____) ____ - ____
Facsimile: (____) ____ - ____

Lender: Busey Bank
100 W. University Avenue
Champaign, Illinois 61820
Attn: Martin O'Donnell
Telephone: (217) 365-4950
Facsimile: (____) ____ - ____

with a copy to: Krieg DeVault LLP
30 N. LaSalle Street, Suite 2800
Chicago, Illinois 60602
Attn: Kostas Poulakidas, Esq.
Telephone: (312) 800-4006
Facsimile: (312) 423-9303

All such notices, requests, demands and other communications shall be deemed to have been given on (1) the date received if personally delivered, (2) three (3) Business Days after the date when deposited in the mail if delivered by mail, (3) one (1) Business Day after the date sent if sent by overnight courier, or (4) the date of transmission if delivered by facsimile.

Section 11.04. Further Assurance and Corrective Instruments. The Issuer, the Borrower and the Lender will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any further acts, instruments, conveyances, transfers and assurances that the others reasonably deem necessary or advisable for the implementation, correction, confirmation, recording, filing or perfection of the Issuer Documents or the Borrower Documents, as applicable, and

any rights under the Issuer Documents or the Borrower Documents, as applicable. The Lender shall pay all reasonable expenses of the Issuer and the Borrower, including reasonable attorneys' fees and expenses, in connection with any implementation, correction, confirmation or perfection of the Issuer Documents or the Borrower Documents requested by the Lender.

Section 11.05. Binding Effect; Time of the Essence. This Loan Agreement shall inure to the benefit of and shall be binding upon the Lender, the Issuer, the Borrower and their respective successors and assigns. Time is of the essence.

Section 11.06. Severability. In the event any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, that holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.07. Amendments. To the extent permitted by law, the terms of this Loan Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the parties hereto, and then any waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.

Section 11.08. Non-Waiver. Waiver of or acquiescence by the Lender in any default by the Borrower, or failure of the Lender to insist upon strict performance by the Borrower of any warranties, agreements or other obligations contained in this Loan Agreement or any other Borrower Document shall not constitute a waiver of any subsequent or other default, failure or waiver of strict performance, whether similar or dissimilar.

Section 11.09. Costs of Enforcement. In the event that the Lender shall retain or engage an attorney or attorneys to collect or enforce or protect its interests with respect to this Loan Agreement or any other Borrower Document, including the representation of the Lender in connection with any bankruptcy, reorganization, receivership or any other action affecting creditor's rights, and regardless of whether a suit or action is commenced, the Borrower shall pay all of the costs and expenses of such collection, amendment, administration, enforcement or protection, including reasonable attorneys costs, and the Lender may take judgment for all such amounts.

Section 11.10. Reinstatement of Obligations. If at any time any payments on the Loan or any other indebtedness or liabilities owed to Lender theretofore made by Borrower must be disgorged by Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Borrower), this Loan Agreement and all other Borrower Documents shall be reinstated as to all disgorged payments as though such payment had not been made, and Borrower shall sign and deliver to Lender all documents and things necessary to reperfect any terminated Borrower Documents or Liens thereunder.

Section 11.11. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument, and any of the parties hereto may execute this Loan Agreement by signing any counterpart.

Section 11.12. Term of Loan Agreement. This Loan Agreement shall be effective as of the date shown on the cover page and shall continue in force and effect until the principal of and interest on the Bond are fully paid together with all sums payable by the Borrower under the Borrower Documents.

Section 11.13. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.14. Entire Loan Agreement. This Loan Agreement, the Issuer Documents, the Borrower Documents, and the exhibits hereto and thereto constitute the entire agreement among the Lender, the Issuer and the Borrower.

Section 11.15. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE LENDER AND THE BORROWER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY, INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS LOAN AGREEMENT OR ANY OTHER BORROWER DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS LOAN AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM, RELATED THERETO. NEITHER THE LENDER NOR THE BORROWER SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE (UNLESS SUCH CLAIM IS A COMPULSORY CLAIM, MEANING IT WOULD BE LOST OR OTHERWISE IMPAIRED IF NOT BROUGHT IN SUCH ACTION), ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER THE LENDER OR THE BORROWER EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY THE LENDER AND THE BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO PROVIDE THE FINANCING GOVERNED BY THIS LOAN AGREEMENT.

Section 11.16. Choice of Jurisdiction. The Borrower and the Lender agree to submit to the jurisdiction and venue of the federal and state courts in Champaign County, Illinois.

Section 11.17. Credit Agreement in Writing. Pursuant to 815 ILCS 160/2, the Borrower acknowledges that it may not maintain an action on or in any way related to a credit agreement unless the credit agreement is in writing, expresses an agreement or commitment to lend money or extend credit or delay or forbear repayment of money, sets forth the relevant terms and conditions and is signed by the creditor and debtor. As used herein, “creditor” means Lender and “this writing” means this Loan Agreement and all the other Borrower Documents. For the protection of the parties hereto from misunderstanding or disappointment, any agreements reached covering such matters are contained in this Loan Agreement or any other Borrower Documents, which is the complete and exclusive statement of the agreement between the parties, except as may later be modified in writing.

[The Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement in their respective names by their duly authorized officers, all as of the date first written above.

Lender:

BUSEY BANK, an Illinois banking corporation

By: _____

Issuer:

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

By: _____
Mayor

Borrower:

CLARK-LINDSEY VILLAGE, INC.

By: _____
Chief Executive Officer

EXHIBIT A TO LOAN AGREEMENT

THE PROJECT

A. Project Description.

Acquiring, constructing, reconstructing, improving and extending retirement facilities, including expansion of the Small House and construction of a wellness and aquatic center.

B. Project Location.

The Project is located at 101 West Windsor Road.

EXHIBIT B TO LOAN AGREEMENT

FORM OF BOND

THIS BOND MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN SECTION 9.01 OF THE LOAN AGREEMENT (AS DEFINED IN THE BOND).

No. R-1

Not to Exceed \$10,000,000

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS
REVENUE BOND
(CLARK-LINDSEY VILLAGE PROJECT)
SERIES 2015**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>
As described herein	December __, 2040	December __, 2015

REGISTERED OWNER: BUSEY BANK, an Illinois banking corporation

PRINCIPAL AMOUNT: SEE SCHEDULE A

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS (“Issuer”), a political subdivision organized and existing under the laws of the State of Illinois, for value received, hereby promises to pay to the Registered Owner named above or its registered permitted assigns, but only from the sources and other funds hereinafter described in lawful money of the United States of America, on the Maturity Date stated above (or earlier as hereinafter referred to), in monthly installments on the dates herein specified, the Principal Amount shown from time to time on **Schedule A** attached hereto, together with interest on the unpaid principal balance from time to time outstanding, computed on a three hundred sixty (360) day year, actual days elapsed, as follows:

(a) Prior to the Maturity Date, a Determination of Taxability or an Event of Default, the unpaid principal balance of this Bond shall bear interest at a fixed rate of 2.93% per annum until December __, 2025 and thereafter until the Maturity Date, the Prime Rate, as adjusted on the __ day of each month.

(b) On each Interest Payment Date until the Amortization Commencement Date (as hereinafter defined), **commencing January 1, 2016**, interest on the unpaid principal balance of this Bond shall be due and payable.

(c) On the Interest Payment Date following the second anniversary of the Issue Date (the “**Amortization Commencement Date**”), level monthly installments of principal and interest in the amount necessary to fully amortize the outstanding principal balance of this Bond based on a 25-year amortization commencing on the Amortization Commencement Date shall be due and payable.

(d) If any installment of principal and/or interest provided herein becomes due and payable on a date other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest due on this Bond.

(e) Certain other amounts, including without limitation a late charge as described in the Loan Agreement, may from time to time be payable by the Borrower directly to the Registered Owner as provided in the Loan Agreement.

(f) Such payments shall be further subject to, and governed by, the terms and conditions of the Loan Agreement.

Notwithstanding anything herein to the contrary, in the event of (a) a Determination of Taxability, interest on the unpaid principal balance of this Bond shall be at the Taxable Rate, commencing on the date of occurrence of the Determination of Taxability, and (b) an Event of Default, interest on the unpaid principal balance of this Bond shall be at the Default Rate, commencing on the date of occurrence of the Event of Default.

The Issuer recognizes that the Bond is and has been designated in the amount of Ten Million Dollars (\$10,000,000) as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

This Bond is a duly authorized Bond of the Issuer designated “City of Urbana, Champaign County, Illinois, Revenue Bond (Clark-Lindsey Village Project), Series 2015” issued under and pursuant to (a) The Industrial Project Revenue Bond Act, 65 ILCS 5/11-74-1 *et seq.*, as amended, and the Local Government Debt Reform Act, 30 ILCS 350/1 *et seq.*, as amended, and (b) a Loan Agreement, dated December __, 2015 (the “**Loan Agreement**”), among the Issuer, Clark-Lindsey Village, Inc., a not-for-profit corporation duly organized and validly existing under the laws of the State of Illinois (the “**Borrower**”), and Busey Bank, an Illinois banking corporation, and its permitted successors and assigns (the “**Lender**”). The terms of the Loan Agreement are hereby incorporated by reference and capitalized terms used herein and not specifically defined herein shall have the meaning ascribed to them in the Loan Agreement. This Bond is issued for the purpose of making a loan (the “**Loan**”) to the Borrower, to (a) pay, together with other available funds of the Borrower, the cost of the Construction (as defined in the Loan Agreement) of the Project (as defined in the Loan Agreement), and (b) the costs of issuing this Bond.

The Loan Agreement prescribes the terms and conditions under which the Borrower shall repay the Loan and pursuant to which the Borrower will execute and deliver to the Issuer its promissory note (the “**Note**”) in the principal amount equal to the aggregate principal amount of this Bond in order to evidence such repayment obligation. The Loan Agreement and other Borrower Documents create a lien on and a security interest in the Project as security for the Note and this Bond. The Issuer has pledged and assigned the repayments of the Loan and the Note to the Lender to secure payment of the principal of and the interest on this Bond.

This Bond is issued under and entitled to the security of the Loan Agreement pursuant to which the Note and all rights of the Issuer under the Loan Agreement, except the rights to payment for expenses, indemnity rights and the rights to perform certain discretionary acts specifically reserved to the Issuer therein, are pledged and assigned by the Issuer to the Registered Owner as security for this Bond. Reference is made to the Loan Agreement and to all amendments thereto and to the other Borrower Documents for a description of the nature and extent of the security, the rights, duties and obligations of the Issuer and the Registered Owner, and any subsequent registered owners of the Bond, and the terms on which the Bond are or may be issued and secured, and to all the provisions of which the Registered Owner hereof by the acceptance of this Bond assents.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE BORROWER PURSUANT TO THE LOAN AGREEMENT. THIS BOND IS NOT A LIEN OR CHARGE UPON THE FUNDS OR PROPERTY OF THE ISSUER, EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE AND ASSIGNMENT. THIS BOND SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. NONE OF THE ISSUER, THE STATE OF ILLINOIS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF, INCLUDING ANY MEMBER OF THE ISSUER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS BOND, OR THE INTEREST THEREON, EXCEPT FROM THE LOAN PAYMENTS MADE BY THE BORROWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ILLINOIS, THE ISSUER, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND, NOR IS THE STATE OF ILLINOIS, THE ISSUER, OR ANY POLITICAL SUBDIVISION THEREOF IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR PAYMENT.

This Bond is a fully registered Bond issued without option of conversion into a bond or bonds of any other form of denomination except upon transfer as stated in the next sentence. This Bond may be transferred only in the manner and on the terms and conditions and subject to the restrictions stated in **Section 9.01** of the Loan Agreement.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Loan Agreement against any member, officer, employee or agent past, present or future, of the Issuer or of any successor body as such, either, directly or through the Issuer under any constitutional provision, statute or rule of law, by the enforcement of any assessment, or by any legal or equitable proceeding or otherwise. Neither the members, officers, employees or agents of the Issuer nor any person executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Illinois.

[The Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, City of Urbana, Champaign County, Illinois has caused this Bond to be executed in its name and on its behalf by the manual signature of the Mayor of the Issuer and attested by the manual signature of its City Clerk, all as of the Issue Date set forth above.

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

ATTEST:

By _____
Mayor

By: _____
Clerk Clerk

[FORM OF ASSIGNMENT]

THIS BOND MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN SECTION 9.01 OF THE LOAN AGREEMENT (AS DEFINED IN THIS BOND).

For value received, the undersigned hereby sells, assigns and transfers unto

(please print or type name, address and tax identification number of transferee)

the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint

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

Dated: _____ Signed: _____

In the presence of: _____.

Notice: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his authority to act must accompany this Bond.

Signature Guaranteed:

EXHIBIT C TO LOAN AGREEMENT

FORM OF NOTE

PROMISSORY NOTE

Not to Exceed \$10,000,000

December __, 2015

FOR VALUE RECEIVED, **CLARK-LINDSEY VILLAGE, INC.**, an Illinois not-for-profit corporation (the "**Borrower**"), hereby unconditionally promises to pay to **CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS**, a political subdivision organized and existing under the laws of the State of Illinois (the "**Issuer**"), in lawful money of the United States of America and in immediately available funds, the aggregate principal amounts advanced by Lender from time to time under the hereinafter-described Loan Agreement (as each such term is defined herein or is defined by this reference to the Loan Agreement) and to pay interest on the unpaid principal amount hereof, in like money, at such office at the rates and in the amounts specified in that certain Loan Agreement (the "**Loan Agreement**"), dated as of December __, 2015, among the Issuer, the Borrower and Busey Bank, an Illinois banking corporation (the "**Lender**"), as the registered owner of the Issuer's not to exceed \$10,000,000 aggregate principal amount Revenue Bond (Clark-Lindsey Village Project), Series 2015 (the "**Bond**").

This Note has been executed and delivered by the Borrower to the Issuer pursuant to the Loan Agreement. Under the Loan Agreement, the Issuer will loan to the Borrower the proceeds received from the sale of the Bond to assist in the financing and refinancing of the Project, as defined in the Loan Agreement, and the Borrower has agreed to repay such loan by making payments of principal, premium, if any, and interest ("**Loan Payments**") at the times and in the amounts set forth in this Note for application to the payment of the principal of, premium, if any, and interest on the Bond as and when due, or as otherwise provided in the Loan Agreement. The Bond has been issued, concurrently with the execution and delivery of this Note, pursuant to, and is secured by, and as provided in, the Loan Agreement. The Bond matures on the Maturity Date.

Capitalized terms used herein and not specifically defined herein shall have the meaning ascribed to them in the Loan Agreement.

Concurrently with the execution and delivery of this Note by the Borrower to the Issuer, the Issuer is endorsing this Note to the Lender and is assigning and pledging to the Lender all of the Loan Payments pursuant to the terms of the Loan Agreement. Such assignment is made as security for the payment of the Bond.

The Borrower hereby agrees to and shall make Loan Payments as follows:

- (a) An amount necessary to pay the principal of, Prepayment Amount, if any, and interest on the Bond as and when due.
- (b) Certain other amounts, including without limitation a late charge as described in the Loan Agreement, may from time to time be payable by the Borrower directly to the Lender as provided in the Loan Agreement.
- (c) Loan Payments shall be further subject to, and governed by, the terms and conditions of the Loan Agreement.

Notwithstanding anything herein to the contrary, in the event of (a) a Determination of Taxability, interest on the unpaid principal balance of this Note shall be at the Taxable Rate, commencing on the date of occurrence of the Determination of Taxability, and (b) an Event of Default, interest on the unpaid principal balance of this Note shall be at the Default Rate, commencing on the date of occurrence of the Event of Default.

Installments of principal, premium, if any, and interest required hereunder shall be made by the Borrower directly to the Lender for the account of the Issuer, in lawful money of the United States of America in immediately available funds at the office of the Lender in Champaign, Illinois. Notwithstanding any other provision of this Note to the contrary, all installments of principal and interest hereunder shall at all times be sufficient to pay the installments of principal and interest required on the Bond.

The payments by the Borrower to the Lender shall be deemed made by the Borrower on account of this Note and receipt of such payments by the Lender shall be deemed satisfaction of the payment obligations of the Issuer under the Bond.

Time is of the essence with respect to the terms of this Note.

This Note is the Note referred to in the Loan Agreement, and is entitled to the benefits, and is subject to the provisions of the Loan Agreement and such provisions are deemed incorporated herein by this reference thereto. Advances under this Note shall be made in accordance with the Loan Agreement. This Note may be prepaid and is subject to prepayment as specified in the Loan Agreement, and all of the terms, conditions and provisions of the Loan Agreement are by this reference incorporated herein and made a part of this Note. Payment of this Note is secured by the Borrower Documents and as otherwise provided in the Loan Agreement.

In case of an Event of Default, the principal of and interest on this Note may be declared immediately due and payable as provided in the Loan Agreement, along with attorneys' fees and costs of collection, and without relief from valuation or appraisal laws. Upon such Event of Default, interest hereon shall be at the Default Rate.

The Borrower and all endorsers, guarantors, sureties, accommodation parties and all other parties liable or becoming liable for all or any part of the indebtedness evidenced hereby, severally waive presentment, demand, notice, notice of dishonor, protest, notice of protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note, and assent to the addition or release of any other party or person primarily or secondarily liable under this Note.

Upon payment in full of this Note, the Lender shall mark hereon "Paid in Full" and return this Note to the Borrower. When this Note shall be paid in full, the Bond shall be deemed paid in full.

THE BORROWER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, KNOWINGLY, VOLUNTARILY, INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS NOTE OR ANY OTHER BORROWER DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS NOTE OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS, WHETHER ORAL OR WRITTEN, OR ACTIONS OF THE BORROWER OR LENDER RELATED THERETO. THE BORROWER SHALL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE (UNLESS SUCH CLAIM IS A COMPULSORY CLAIM,

MEANING IT WOULD BE LOST OR OTHERWISE IMPAIRED IF NOT BROUGHT IN SUCH ACTION), ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY LENDER EXCEPT BY WRITTEN INSTRUMENT EXECUTED BY BOTH THE BORROWER AND THE LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT TO PROVIDE THE FINANCING EVIDENCED BY THIS NOTE.

This Note shall be governed by the laws of the State of Illinois.

[The Remainder of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized representative as of the date first written above.

CLARK-LINDSEY VILLAGE, INC.

By: _____
Title: Chief Executive Officer

ENDORSEMENT

Pay, without recourse, to the order of the Busey Bank, an Illinois banking corporation, as the registered owner and holder of the Bond issued under and pursuant to the Loan Agreement dated as of the date first written above, from the undersigned.

**CITY OF URBANA, CHAMPAIGN
COUNTY, ILLINOIS**

By: _____
Title: Mayor

EXHIBIT D TO LOAN AGREEMENT

FORM OF INVESTOR'S LETTER OF REPRESENTATION

December ____, 2015

City of Urbana, Champaign County, Illinois
400 South Vine Street
Urbana, Illinois 62801

Clark-Lindsey Village, Inc.
101 West Windsor Road
Urbana, Illinois 61802

Re: Not to Exceed \$10,000,000 City of Urbana, Champaign County, Illinois, Revenue Bond (Clark-Lindsey Village Project), Series 2015, dated December ____, 2015

Ladies and Gentlemen:

The undersigned, Busey Bank, an Illinois banking corporation, as purchaser (the **"Purchaser"**) of the above-referenced bond (the **"Bond"**) issued by the City of Urbana, Champaign County, Illinois (the **"Issuer"**) pursuant to and on the terms set forth in the Loan Agreement, dated December ____, 2015 (the **"Loan Agreement"**) among the Purchaser, the Issuer and Clark-Lindsey Village, Inc. (the **"Borrower"**), hereby represents to you that:

1. Capitalized terms used herein and not otherwise defined are used with the meanings given such terms in the Loan Agreement.

2. The Purchaser has duly authorized, by all necessary action, the purchase of the Bond and the right to receive the payments of principal of and interest on the Bond pursuant to the terms and provisions of the Loan Agreement (the **"Issuer Payments"**).

3. The Purchaser is a bank or a qualified institutional buyer as defined in Rule 144A under the Securities Act of 1933, as amended (the **"Securities Act"**). The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations bearing tax-exempt interest, to be able to evaluate the risks and merits of the investment represented by the Bond, the Issuer Payments, the Loan Payments and the Loan Agreement. The Purchaser is able to bear the economic risks of that investment, including a complete loss of such investment.

4. The Purchaser understands that the obligations of the Issuer to make the Issuer Payments under the Loan Agreement and the Bond are special, limited revenue obligations payable solely from amounts paid to the Issuer from the Borrower pursuant to the terms of the Loan Agreement and that notwithstanding anything to the contrary contained in the Loan Agreement, the Issuer is not obligated to make the Issuer Payments, or pay any portion of the Project Costs (including costs of issuing the Bond) or make any other payment or advance any money or be liable for any other costs or expenses in connection with the Project, the Bond, the Issuer Payments, the Loan Payments or the Loan Agreement, except from proceeds of the Bond and the amounts paid to the Issuer from the Borrower pursuant to the Loan Agreement, and no such payment shall constitute a charge against the general credit of the Issuer. The

Purchaser further understands that the Issuer is not directly, indirectly, contingently or morally obligated to use any other money or assets of the Issuer to pay the Issuer Payments or any portion of the Project Costs (including costs of issuing the Bond) or for all or any portion of those other costs or expenses.

5. The Purchaser acknowledges that it has either been supplied with or has been given access to information, including financial statements and other financial information, which it has asked for and the Purchaser has had the opportunity to ask questions and receive answers from appropriate officers of the Borrower concerning the Borrower, the Bond, the Issuer Payments, the Loan Payments, the Loan Agreement and the security therefor, so that the Purchaser has been able to evaluate the risks and merits of purchasing the Bond and make its decision to purchase the Bond on the terms set forth in the Loan Agreement. The Purchaser acknowledges that it has not relied upon the Issuer for any information in connection with its purchase of the Bond under the terms of the Loan Agreement, except as set forth in **Section 4.01** of the Loan Agreement.

6. The Purchaser made its own inquiry and analysis with respect to the Loan Agreement, the Bond, the Issuer Payments, the Loan Payments and the security therefor, and other factors affecting the security and payment of such payments set forth in the Loan Agreement. The Purchaser is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the payments to be made by the Issuer to the Purchaser under the terms of the Loan Agreement and the Bond. The Purchaser has examined the legal documents relating to the Bond and the Loan Agreement.

7. The Purchaser understands that the Bond (including the right to receive the Issuer Payments and Loan Payments under the terms of the Loan Agreement) (a) is not being registered or otherwise qualified for sale under the securities laws and regulations of any state, (b) will not be listed on any securities exchange, (c) does not and will not carry a credit rating from any credit rating service and (d) will be delivered in a form which may not be readily marketable.

8. The Purchaser understands that the Bond (including the right to the Issuer Payments and Loan Payments under the terms of the Loan Agreement) has not been registered under the Securities Act in reliance upon certain exemptions from registration. The Purchaser represents to you that it is purchasing the Bond for investment for its own account and not with a view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of the Bond or any part of its interest in the Bond. The Purchaser agrees not to sell, transfer or otherwise dispose of the Bond or all or any part of its interest in the Bond or the Loan Agreement unless such transfer is permitted under the Loan Agreement and the transferee executes a letter of representation in substantially the form of this letter and such sale, transfer or other disposition is in compliance with applicable securities laws.

9. The Purchaser agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that is based upon the Purchaser's sale, transfer or other disposition of the Bond or all or any part of the Purchaser's interests in the Bond or the Loan Agreement in violation of the provisions hereof or of the Loan Agreement, other than any claim that is based upon the gross negligence or willful misconduct of the Issuer.

10. The Purchaser has executed and delivered this letter in connection with issuance of the Bond and the execution and delivery of the Loan Agreement as an inducement to the Issuer to cause the issuance of the Bond and the execution and delivery of the Loan Agreement to the Purchaser.

Only the addressees hereof may rely upon this letter.

BUSEY BANK, an Illinois banking corporation

By: _____
Authorized Officer

EXHIBIT E TO LOAN AGREEMENT
FORM OF COMPLETION CERTIFICATE

Issuer: City of Urbana, Champaign County, Illinois
Lender: Busey Bank, an Illinois banking corporation
Borrower: Clark-Lindsey Village, Inc.

Busey Bank
100 W. University Avenue
Champaign, Illinois 61820
Att: Martin O'Donnell

Ladies and Gentlemen:

Pursuant to **Section 5.04** of the Loan Agreement, the undersigned hereby certifies (a) all terms in this certificate are used with the meanings used in the Loan Agreement, (b) the Project was completed on _____, 20__, (c) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed, (d) the Project and such other facilities have been acquired, constructed, equipped and installed in accordance with the plans and specifications for the Project and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, and (e) all Project Costs have been paid subject to any retainage. This certificate is given based on the certifications(s) of the Contractor and/or project architect attached hereto, and are without prejudice to any rights of the Borrower that then exist or may subsequently come into being against third parties.

CLARK-LINDSEY VILLAGE, INC.

By: _____
Title: _____
Date: _____

EXHIBIT F TO LOAN AGREEMENT
FORM OF COMPLIANCE CERTIFICATE

Compliance Certificate

Busey Bank
100 W. University Avenue
Champaign, Illinois 61820
Att: Martin O'Donnell

This Compliance Certificate (the "Certificate") is delivered to you pursuant to **Section 6.01** of the Loan Agreement dated as of December __, 2015 (as amended, restated or otherwise modified from time to time, the "Loan Agreement") among BUSEY BANK ("Lender"), CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS ("Issuer") and CLARK-LINDSEY VILLAGE, INC. ("Borrower"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Loan Agreement.

The undersigned, as the chief financial officer of Borrower, hereby certifies and warrants to Lender that he/she is authorized to execute this Certificate on behalf of Borrower and further certifies and warrants to Lender on behalf of Borrower that a review of the activities of Borrower for the Fiscal Year ended _____ has been made under his/her supervision with a view to determining whether Borrower has performed and/or maintained all of its obligations under the Loan Agreement. Based upon such review, the undersigned hereby certifies to Lender that: (i) each of the representations and warranties of Borrower contained in the Loan Agreement and other Borrower Documents is true and correct in all material respects as of the date hereof, except to the extent that such representations and warranties relate solely to an earlier date, and (ii) unless otherwise described in Annex A, no Default or Event of Default exists under the Loan Agreement or any other Borrower Document.

The undersigned further certifies to Lender on behalf of Borrower that for the Fiscal Year ended _____: the Debt Service Coverage Ratio was ____:____.

The worksheet used to calculate the financial covenants set forth above is attached as Annex B.

Borrower has caused this Certificate to be executed and delivered by its chief financial officer on _____, 20__.

CLARK-LINDSEY VILLAGE, INC.

By: _____
Name: _____
Title: _____

**EXHIBIT G
TO LOAN AGREEMENT**

LENDER ELECTION NOTICE

Clark-Lindsey Village, Inc.
101 West Windsor Road
Urbana, Illinois 61802
Attention: Vice President of Finance & Technology

Re: City of Urbana, Champaign County, Illinois Revenue Bond (Clark-Lindsey Village Project), Series 2015 (the "Bond")

Ladies and Gentlemen:

This Lender Election Notice is being delivered to you pursuant to the provisions of the Loan Agreement, dated as of December __, 2015 (the "Loan Agreement"), among Busey Bank, the City of Urbana, Champaign County, Illinois, and Clark-Lindsey Village, Inc. Capitalized terms used in this notice shall have the same meaning as in the Loan Agreement.

The undersigned hereby irrevocably requests that the Bond be purchased on the Purchase Date specified below pursuant to **Section 2.11** of the Loan Agreement:

1. Purchase Date on which the Bond shall be purchased (which date must be on or after _____, 2025 and at least ninety days following the date of receipt of this notice by the Borrower): _____, 20__
2. Name of registered owner: _____
3. Name to the order of which payment for the Bond is to be made (if payment is to be made other than to the order of the registered owner of the Bond, the Substitute Form W-9 set forth below must be completed and signed by such payee and failure to do so may result in backup withholding of 20% of such payment):

4. Address to which payment is to be mailed or if payment is to be made by electronic transfer (rather than by check), the bank and account number to which payment is to be made: _____

5. The undersigned hereby agrees that the Bond, duly endorsed in blank for transfer with all signature(s) guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15), together with, if the Purchase Date specified above is prior to an interest payment date, a due-bill in form satisfactory to the Lender for interest due on the Bond on such interest payment date, will be delivered to the Borrower at its principal office set forth above at or prior to 11:00 a.m., Chicago, Illinois time, on the date it is to be purchased specified above.

6. The undersigned hereby agrees that if the undersigned fails to delivery the Bond in accordance with item 5 above, the Bond shall nevertheless be deemed purchased on the date it is to be purchased specified above and the undersigned shall in such event not be entitled to receive any further interest thereon and shall have no further interest thereon and shall have no further rights under the Loan Agreement except to payment of the purchase price held for the Bond.

IN WITNESS WHEREOF, the undersigned registered owner or the duly appointed attorney-in-fact thereof has executed this Lender Election Notice as of the date set forth below.

Dated: _____ Name(s): _____
(Please print)

Signature(s): _____

DRAFT 1 – OCTOBER 28, 2015
FOR DISCUSSION PURPOSES ONLY

TAX COMPLIANCE AGREEMENT

Dated as of [*Closing Date*]

Between

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

And

CLARK-LINDSEY VILLAGE, INC.

Not to Exceed
\$10,000,000
CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS
REVENUE BOND
(CLARK-LINDSEY VILLAGE PROJECT)
SERIES 2015

TAX COMPLIANCE AGREEMENT

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Exhibit A – Certificate of Approval

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Exhibit H – Copy of Issuer Tax Compliance Procedure

Exhibit I – Copy of Corporation Tax Compliance Procedure

* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”), entered into as of [*Closing Date*], between **CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS**, a political subdivision duly organized and existing under the laws of the State of Illinois (the “Issuer”), and **CLARK-LINDSEY VILLAGE, INC.**, a not-for-profit corporation organized and existing under the laws of the State of Illinois (the “Corporation”);

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Issuer of its Revenue Bond (Clark-Lindsey Village Project) Series 2015 (the “Bond”) in a not-to-exceed principal amount of \$10,000,000, under a Loan Agreement dated the date of this Tax Agreement (the “Loan Agreement”) among the Issuer, the Corporation and Busey Bank (the “Purchaser”), for the purpose of making a loan of the proceeds of the Bond to the Corporation.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Bond proceeds and of certain other money relating to the Bond and set forth the conditions under which interest on the Bond will be excluded from gross income for federal income tax purposes.

3. The Issuer and the Corporation are entering into this Tax Agreement in order to set forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of interest on the Bond from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

4. The Issuer adopted a Conduit Issuer Tax-Exempt Financing Compliance Procedure dated as of November 16, 2015 (the “Issuer Tax Compliance Procedure”) for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. The Corporation adopted a Tax Compliance Procedure on December 2, 2015 (the “Corporation Tax Compliance Procedure”) for the purpose of setting out general procedures for the Corporation to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

6. This Tax Agreement is entered into as required by the Issuer Tax Compliance Procedure and Corporation Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bond.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer and the Corporation represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Loan Agreement, and certain other words and phrases have the meanings assigned in Code § 148 and the Regulations. In addition, the following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds of the Bond reduced by amounts (a) in a bona fide debt service fund or a reasonably required reserve or replacement fund, (b) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (c) representing grant repayments or sale or investment proceeds of any purpose investment.

“Annual Compliance Checklist” means a checklist for the Financed Facility designed to measure compliance with the requirements of this Tax Agreement and the Issuer Tax Compliance Procedure after the Issue Date as further described in **Section 4.2** hereof and substantially in the form attached as **Exhibit E**.

“Available Construction Proceeds” means the sale proceeds of the Bond, increased by investment earnings on the sale proceeds, earnings on amounts in a reasonably required reserve or replacement fund allocable to the Bond but not funded from the Bond, and earnings on such earnings, reduced by sale proceeds (a) in a reasonably required reserve or replacement fund, and (b) used to pay issuance costs of the Bond. But Available Construction Proceeds do not include investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (1) the date 2 years after the Issue Date, or (2) the date construction of the Financed Facility is substantially completed. If the Issuer has elected under Code § 148(f)(4)(C)(vi)(IV) to rebate earnings on a reasonably required reserve or replacement fund, then Available Construction Proceeds do not include any earnings on such account.

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that is (a) used primarily to achieve a proper matching of revenues with principal and interest payments on the Bond within each Bond Year, and (b) depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bond for the immediately preceding Bond Year.

“Bond” means the Issuer’s Revenue Bond (Clark-Lindsey Village Project), Series 2015, dated the date of delivery ([*Closing Date*]) thereof, issued in the principal amount of not to exceed \$10,000,000 to finance or refinance a portion of the costs of the Project, authenticated and delivered under the Loan Agreement.

“Bond Counsel” means Evans, Froehlich, Beth & Chamley, Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer and the Corporation.

“Bond Year” means each 1-year period (or shorter period for the first Bond Year) ending December 1, or another 1-year period selected by the Corporation.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which arbitrage rebate for the Bond is computed. The Corporation (a) may treat the last day of any Bond Year ending on or before the latest date on which the first rebate amount is required to be paid (60 days after the fifth anniversary of the Issue Date) as a Computation Date, but may not change that treatment after the first required payment date, and (b) after the first required payment date, must consistently treat either the end of each Bond Year or the end of each fifth Bond Year as a Computation Date and may not change these dates after the first required payment date. In addition, the date the last Bond is discharged is the final Computation Date. The Corporation selects December 1, 2020 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Corporation” means Clark-Lindsey Village, Inc., an Illinois not-for-profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Loan Agreement.

“Corporation Bond Compliance Officer” means the Corporation’s Vice President of Finance and Technology Services or other person named in the Corporation Tax Compliance Procedure.

“Corporation Tax Compliance Procedure” means the Corporation’s Tax Compliance Procedure dated as of December 2, 2015, a copy of which is attached hereto as **Exhibit I**.

“Costs of Issuance” means, generally, any cost or expense incurred on account of and in connection with the borrowing, including (a) Purchaser’s fee; (b) counsel fees (including bond counsel, Issuer’s counsel, Purchaser’s counsel, and Borrower’s counsel); (c) paying agent and certifying and authenticating agent fees related to issuance of the Bond; and (d) costs incurred in connection with the required public approval process (e.g., publication costs for public notices and costs of the public hearing). However, Costs of Issuance do not include fees and expenses directly related to the cost of credit enhancement for the Bond to the extent such fees or expenses may be included as a qualified guaranty in the calculation of the Yield on the Bond.

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Corporation Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** hereof.

“Financed Facility” means any of the property financed or refinanced with the proceeds of the Bond as described on **Exhibit D**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bond, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Bond, (d) any amounts held in a pledged fund or reserve fund for the Bond, and (e) any other replacement proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held by the Corporation to pay Project Costs (as defined in the Loan Agreement) and Costs of Issuance.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on 2 or more future dates (e.g., a forward supply contract).

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity Bond” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means [*Closing Date*].

“Issuer” means the City of Urbana, Champaign County, Illinois and its successors and assigns, or any body, agency or instrumentality of the State of Illinois succeeding to or charged with the powers, duties and functions of the Issuer.

“Issuer Bond Compliance Officer” means the Issuer’s Finance Director, or other person named in the Issuer Tax Compliance Procedure.

“Issuer Tax Compliance Procedure” means the Issuer’s Conduit Issuer Tax-Exempt Financing Compliance Procedure, dated as of November 16, 2015, a copy of which is attached hereto as **Exhibit H**.

“Loan” means the loan of the Bond proceeds made by the Issuer to the Corporation under the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated the date of this Tax Agreement, among the Issuer, the Corporation and the Purchaser as from time to time supplemented and amended.

“Management Agreement” means any management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility (as defined in Regulations § 1.141-3(b), such as a contract to manage all of the Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (i) the final maturity date of the Bond or (ii) the end of the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bond.

“Net Proceeds” means the sale proceeds of the Bond (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Bond proceeds or the Financed Facility (a) in a trade or business carried on by any Non-Qualified User, (b) in any activity of a Tax-Exempt Organization which constitutes an “unrelated trade or business,” determined by applying Code § 513(a), or (c) to pay Costs of Issuance. The rules set out in Regulations § 1.141-3 as modified by § 1.145-2 determines whether Bond proceeds or the Financed Facility is “used” in a trade or business.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel to the effect that the proposed action or proposed failure to act will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bond, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date.

“Project” means acquiring, constructing, reconstructing, improving and extending retirement facilities, including the expansion and construction of a pool and aquatic center, the construction of two residential buildings and related road improvements, as shown further on **Exhibit D**.

“Proposed Regulations” means the proposed arbitrage regulations REG 106143-07 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“Purchaser” means Busey Bank, the purchaser of the Bond.

“Qualified Basic Research Agreement” means any Research or Clinical Testing Agreement that (a) involves only “basic research” and (b) meets the “qualified license requirement.” A Research or Clinical Testing Agreement involves “basic research” if the research conducted pursuant to the Research or Clinical Testing Agreement is an investigation for the advancement of scientific knowledge and the subject of the Research or Clinical Testing Agreement has no specific commercial objective. The “qualified license requirement” is met either (i) where any license granted to use any product developed as a result of the research is only on the same terms as the Corporation would permit that use by any unrelated, non-sponsoring party (i.e. the sponsor must pay a competitive price for its use), and the price paid by the licensee for use of any license or other product derived from the Research or Clinical Testing Agreement is determined at the time the invention or other resulting technology is available for use or (ii) the Corporation determines the research to be performed and the manner in which it is to be performed under the Research or Clinical Testing Agreement, title to any patent or other product incidentally resulting from the Research or Clinical Testing Agreement lies exclusively with the Corporation and any sponsor or sponsors of the research are entitled to no more than a nonexclusive, royalty-free license to use any product developed as a result of work done pursuant to the Research or Clinical Testing Agreement. For purposes of the foregoing, a “license” includes rights granted to the United States under the Bayh-Dole Act (35 U.S.C. § 200 et seq) and the “qualified license requirement” is met with respect to such a license so long as the Corporation determines the research to be performed and the manner in which it is to be performed under the Research or Clinical Testing Agreement.

“Qualified Clinical Testing Agreement” means any Research or Clinical Testing Agreement that is not a Qualified Basic Research Agreement that (1) the performance of which is related to the Corporation's exempt purposes and not an unrelated trade or business use of the Financed Facility by the Corporation and (2) does not give any Non-Qualified User exclusive or priority rights to use all or any portion of the Financed Facility.

“Qualified Use Agreement” means an agreement or arrangement that does not constitute an unrelated trade or business use by the Corporation and which is described in one of the following paragraphs:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the Corporation's tax-exempt purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

"Qualified User" means a Tax-Exempt Organization or a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

"Reasonable Retainage" means Gross Proceeds retained by the Corporation for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Bond on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

"Rebate Analyst" means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

"Regulations" means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bond.

"Research or Clinical Testing Agreement" means any agreement or other contractual arrangement with a Non-Qualified User (including the United States or its agencies) pursuant to which the Corporation will perform services at or otherwise use the Financed Facility, if such agreement or contract can reasonably be expected to involve (i) the advancement of scientific knowledge (including the

social sciences), (ii) the development or testing of a commercial product (including but not limited to clinical drug studies required by the FDA), or (iii) the creation of patentable intellectual property.

“**Tax Agreement**” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“**Tax-Exempt Bond File**” means documents and records for the Bond, maintained by the Corporation Bond Compliance Officer pursuant to the Issuer Tax Compliance Procedure.

“**Tax-Exempt Organization**” means a not-for-profit organization, organized under the laws of the United States of America or any state, that is described in Code § 501(c)(3) and is exempt from federal income taxes under Code § 501(a).

“**Transcript**” means the Transcript of Proceedings relating to the authorization and issuance of the Bond.

“**Yield**” means yield on the Bond, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants to the Corporation as follows:

(a) *Organization and Authority.* The Issuer (1) is a political subdivision duly organized and existing under the laws of the State of Illinois, (2) has lawful power and authority to issue the Bond for the purposes set forth in the Loan Agreement, to enter into, execute and deliver the Loan Agreement and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has duly authorized the person executing this document to execute and deliver this Tax Agreement.

(b) *Tax-Exempt Status of Bond–General Covenant.* The Issuer (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bond, whether or not such money was derived from the proceeds of the sale of the Bond or from any other source, in a manner that would cause the Bond to be an “arbitrage bond” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the Issuer, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bond to be included in gross income for federal income tax purposes.

(c) *Public Hearing and Approval.* In connection with the issuance of the Bond, the Issuer held a public hearing as required under Code § 147(f) regarding the proposed issuance of the Bond, at 7:00 p.m. on November 16, 2013, at City Hall of the Issuer, 400 South Vine Street, Urbana, Illinois, after published notice of the hearing advised the public that a public hearing would be held on such date to discuss the proposed issuance of the Bond and that interested parties would have an opportunity to express their views at that hearing. The hearing was open to the public, and those present were invited to

express their views relating to the issuance of the Bond and the proposed use of the Bond proceeds. After the public hearing, the Mayor of the City of Urbana, Illinois approved the issuance of the Bond as required by Code § 147(f). The Certificate of Approval is attached to this Tax Agreement as **Exhibit A**, together with an affidavit of publication of the notice of the hearing.

(d) *IRS Form 8038.* Bond Counsel prepared IRS Form 8038 (Information Return for Tax-Exempt Private Activity Bond Issues) based on the representations and covenants of the Corporation and the Issuer contained in this Tax Agreement or otherwise provided by the Corporation and the Issuer. Bond Counsel signed the return as a paid preparer following completion and delivered copies to the Issuer for execution and for the Issuer's records. The Issuer does not know of any inaccuracies in the Form 8038 included as **Exhibit B**. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038 for filing with the IRS. A copy of the "as-filed" copy along with proof of filing will be included as **Exhibit B**.

(e) *Registered Bond.* The Loan Agreement requires that all of the Bond will be issued and held in registered form within the meaning of Code § 149(a).

(f) *Hedge Bond.* The Issuer expects that (a) at least 85% of the net sale proceeds (the sale proceeds of the Bond less any sale proceeds invested in a reserve fund) of the Bond will be used to carry out the governmental purpose of the Bond within 3 years after the Issue Date, and (b) not more than 50% of the proceeds of the Bond will be invested in investments having a substantially guaranteed Yield for 4 years or more.

(g) *Issuer Reliance on Other Parties.* The expectations, representations and covenants of the Issuer concerning uses of Bond proceeds and certain other money described in this Tax Agreement and other matters are based in whole or in part upon covenants, representations and certifications of the Corporation and other parties set forth in this Tax Agreement or exhibits to this Tax Agreement. Although the Issuer has made no independent investigation of the representations of other parties, including the Corporation, the Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Agreement or exhibits to this Tax Agreement.

(h) *Bank Qualified Tax-Exempt Obligation.* The Issuer has designated the Bond as a "qualified tax-exempt obligation" under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the Issuer reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during the calendar year that the Bond is issued, including the Bond, will not exceed \$10 million; and

(2) the Issuer (including all subordinate entities of the Issuer) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bond is issued, including the Bond, in an aggregate principal amount or aggregate issue price in excess of \$10 million, without first obtaining an Opinion of Bond Counsel that the designation of the Bond as a "qualified tax-exempt obligation" will not be adversely affected.

(i) *Single Issue; No Other Issues.* The Bond constitutes a single "issue" under Regulations § 1.150-1(c). No other obligations of the Issuer (1) are being sold within 15 days of the sale

of the Bond, (2) are being sold under the same plan of financing as the Bond, and (3) are expected to be paid from substantially the same source of funds as the Bond (disregarding guarantees from unrelated parties, such as bond insurance).

Section 2.2. Representations and Covenants of the Corporation. The Corporation represents and covenants to the Issuer as follows:

(a) *Organization and Authority.* The Corporation (1) is a private not-for-profit corporation duly organized and validly existing under the laws of the State of Illinois not operated for private or corporate profit, (2) has lawful power and authority to enter into, execute and deliver this Tax Agreement and to carry out its obligations under this Tax Agreement and (3) by all necessary corporate action, has been duly authorized to execute and deliver this Tax Agreement, acting by and through its duly authorized officers.

(b) *Tax-Exempt Status of the Corporation.* The Corporation (1) has been determined to be and is a Tax-Exempt Organization, and (2) has not declared and has not been determined to have any “unrelated business taxable income” (as defined in Code § 512) which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, could have a material adverse effect on the condition, financial or otherwise, of the Corporation. The Corporation received a letter from the IRS to the effect that it is a Tax-Exempt Organization, a copy of which is attached to this Tax Agreement as **Exhibit C**. Such letter has not been withdrawn, and no audit or investigation by the IRS of the tax-exempt status of the Corporation is presently being conducted. There has been no change or threatened change in the status of the Corporation as a Tax-Exempt Organization as of the date of this Tax Agreement. At all times during the Measurement Period, the Corporation will maintain its status as a Tax-Exempt Organization and will take no action or permit any action to be taken that could result in the alteration or loss of its status as a Tax-Exempt Organization.

(c) *Tax-Exempt Status of Bond—General Covenant.* In order to maintain the exclusion of the interest on the Bond from gross income for federal income tax purposes, the Corporation (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code, (2) will not use or invest, or permit the use or investment of, any Bond proceeds, other money held under the Loan Agreement, or other funds of the Corporation, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would violate applicable provisions of the Code.

(d) *Qualified 501(c)(3) Bond.*

(1) Ownership. During the Measurement Period, the property comprising the Financed Facility will be owned for federal income tax purposes by a Qualified User.

(2) Non-Qualified Use Limitation. During the Measurement Period, the amount of Bond proceeds used in a Non-Qualified Use will not exceed 5% of the Net Proceeds of the Bond. The Corporation understands that, for purposes of this paragraph, use of the Financed Facility is treated as the use of Bond proceeds. As of the Issue Date, except for any Costs of Issuance financed with the Net Proceeds of the Bond, the Corporation does not expect that any proceeds of the Bond or any portion of the Financed Facility will be used in a Non-Qualified Use during the Measurement Period.

(3) Management Agreements. As of the Issue Date, the Corporation has not entered into any Management Agreements for any portion of the Financed Facility with Non-Qualified Users during the Measurement Period. During the Measurement Period, the Corporation will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(4) Leases. As of the Issue Date, the Corporation has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements during the Measurement Period. During the Measurement Period, the Corporation will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(5) Research or Clinical Testing Agreements. As of the Issue Date, the Corporation has not entered into any Research or Clinical Testing Agreement other than Qualified Basic Research Agreements or Qualified Clinical Testing Agreements for any portion of the Financed Facility and, during the Measurement Period, the Corporation will not enter into any Research or Clinical Testing Agreements other than Qualified Basic Research Agreements or Qualified Clinical Testing Agreements for any portion of the Financed Facility without first obtaining an Opinion of Bond Counsel.

(e) *Expenditure of Bond Proceeds; Reimbursement.* On May 6, 2015, the governing body of the Corporation adopted a resolution declaring the intent of the Corporation to borrow the proceeds of tax-exempt bonds to finance or refinance costs of the Financed Facility for the Corporation, and to reimburse the Corporation for expenditures made for the Financed Facility prior to the issuance of such obligations. A copy of the resolution is attached to this Tax Agreement as **Exhibit G**. No portion of the Net Proceeds of the Bond will be used to reimburse an expenditure paid by the Corporation more than 60 days prior to the date the resolution was adopted. The Corporation will evidence each allocation of the proceeds of the Bond to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than 3 years prior to the date of the reimbursement allocation. In addition no reimbursement allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility was placed in service.

(f) *\$150 Million Limitation; Limit on Non-Hospital Bond.*

(1) At least 95% of the Net Proceeds of the Bond will be used to finance, refinance or reimburse capital expenditures incurred after August 5, 1997.

(2) The name and tax identification number of each “beneficiary” of the Financed Facility” is listed as an attachment to IRS Form 8038 (part of **Exhibit B** to this Tax Agreement). A Qualified User is considered to be a “beneficiary” of the Financed Facility if it owns or leases any portion of the Financed Facility, has contractual rights to use the Financed Facility similar to an owner or a tenant, or has a contractual right to purchase more than 10% of the output of the Financed Facility.

(g) *Limit on Maturity of Bond.* A list of the assets of the Financed Facility and a computation of their “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Bond, does not exceed 120% of the average reasonably expected economic life of the Financed Facility.

(h) *Prohibited Facilities.* No portion of the Bond proceeds will be used to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, as such terms are used in Code § 147(e).

(i) *Limit on Costs of Issuance.* Not more than 2% of the sale proceeds of the Bond will be used to pay Costs of Issuance.

(j) *Registered Bond.* All of the Bond will be issued and held in registered form within the meaning of Code § 149(a).

(k) *Bond Not Federally Guaranteed.* The Corporation will not take any action or permit any action to be taken which would cause the Bond to be “federally guaranteed” within the meaning of Code § 149(b).

(l) *Reports to IRS; Form 8038.* The Corporation will instruct and assist the Issuer and Bond Counsel in filing all appropriate returns, reports and attachments to income tax returns required by the Code, including without limitation the Information Return for Tax-Exempt Private Activity Bond Issues (Form 8038). The information contained in Parts II through VIII of IRS Form 8038 attached as **Exhibit B** was provided to the Issuer and Bond Counsel by the Corporation, and such information is true, complete and correct as of the Issue Date. The Corporation specifically confirms the accuracy of the following information:

Type of Property Financed by Nonrefunding Proceeds	Amount
Land	
Buildings and Structures	
Equipment with Recovery Period of More Than 5 Years	
Equipment with Recovery Period of 5 Years or Less	
Other –	
Total -- (Should Equal Line 30 on Form 8038)	

**North American Industry Classification System (NAICS) of
Property Financed by Non-Refunding Proceeds**

Classification Number	Amount of Non Refunding Proceeds
623311	
Total-- (Should Equal Line 30 on Form 8038)	

(m) *Hedge Bonds.* The Corporation expects that (a) at least 85% of the net sale proceeds of the Bond (the sale proceeds of the Bond less any sale proceeds invested in a reserve fund) will be used to carry out the governmental purpose of the Bond within 3 years after the Issue Date, and (b) not more than 50% of the proceeds of the Bond will be invested in investments having a substantially guaranteed yield for 4 years or more.

(n) *Arbitrage Certifications.* The facts, estimates and expectations recited in **Article III** of this Tax Agreement are true and accurate as of the Issue Date; and the Corporation believes that the estimates and expectations recited in such Article are reasonable as of the Issue Date. The Issuer, Gilmore & Bell, P.C., Bond Counsel, and the Purchaser may rely on such statements and expectations. The

Corporation does not expect that the Bond proceeds will be used in a manner that would cause the Bond to be an “arbitrage bond” within the meaning of Code § 148; and to the best of the Corporation’s knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.

(o) *Interest Rate Swap.* As of the Issue Date, the Corporation has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bond. The Corporation will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(p) *Guaranteed Investment Contract.* As of the Issue Date, the Corporation does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bond. The Corporation will be responsible for complying with **Section 4.4(d)** hereof if a Guaranteed Investment Contract is used for the investment of Gross Proceeds at a later date.

(q) *Bank Qualified Tax-Exempt Obligation.* The Corporation hereby acknowledges that the Issuer has designated the Bond as a “qualified tax-exempt obligation” under Code § 265(b)(3).

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Corporation contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer or the Corporation under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bond, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bond.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the Issuer’s expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Issuer’s conclusion that the Bond are not arbitrage Bond. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer responsible for issuing the Bond.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this **Article III** are based upon the Issuer’s understanding of the documents and certificates that comprise the Transcript and the representations, covenants and certifications of the parties thereto. To the Issuer’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purposes of the Financing. The Bond is being issued for the purpose of making a loan to the Corporation to provide funds to (a) finance the costs of certain facilities of the Corporation and (b) pay certain Costs of Issuance.

Section 3.4. Funds and Accounts. No funds or accounts have been established under the Loan Agreement.

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Draw-Down Loan.* The Bond is being issued as a “draw-down loan,” within the meaning of Regulations §1.150-1(c)(4)(i). The Purchaser has committed to purchase the Bond for an aggregate purchase price of not-to-exceed \$10,000,000 (which amount equals the par amount of the Bond). On the Issue Date, the Purchaser will advance the Initial Advance, such amount exceeding the lesser of \$50,000 or 5% of the purchase price of the Bond. Thereafter, the Purchaser will make subsequent principal advances through December __, 2017, so that the aggregate of all such advances, including the Initial Advance, equals \$10,000,000. Therefore, the Bond will be treated as a “single issue” under Regulations §1.150-1(c).

(b) *Amount of Bond Proceeds.* The total proceeds to be received by the Issuer from the sale of the Bond will be \$10,000,000. The total proceeds to be received by the Issuer from the Initial Advance on the Issue Date will be \$_____.

(c) *Use of Bond Proceeds.* The proceeds of the Initial Advance (less the bank origination fee of \$10,000) are expected to be allocated to expenditures as follows: \$_____ will be used to pay Costs of Issuance of the Bond and \$_____ will be used to pay costs of the Financed Facility. The remaining advances, as and when advanced, will be used to pay costs of the Financed Facility. Pursuant to **Section 2.2(i)**, the Corporation has agreed it will not use more than 2% of the total proceeds of the Bond to pay Costs of Issuance. Following completion of the Financed Facility, the Corporation will complete the Final Written Allocation and, if necessary, reallocate Bond proceeds to fulfill this covenant.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h) separate purposes of the Bond having the same initial temporary period for unrestricted investment will be treated as a single purpose for purposes of applying the arbitrage rules.

Section 3.7. No Advance Refunding. No proceeds of the Bond will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Bond will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. The Corporation has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Bond on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Bond to expenditures will proceed with due diligence. At least 85% of the net sale proceeds of the Bond will be allocated to expenditures on the Financed Facility within 3 years after the Issue Date.

Section 3.10. Loan Agreement/Sinking Funds. Neither the Issuer nor the Corporation has established or expects to establish any sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bond.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bond.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that have been or will be used to acquire higher yielding Investments.

Section 3.12. Purpose Investment Yield. The Yield on the Loan will not exceed the Yield on the Bond by more than 1/8%, as permitted by Regulations § 1.148-2(d)(2)(i). In determining such Loan Yield, “qualified administrative costs” of the Loan paid by the Corporation are taken into account to increase payments for, and reduce receipts from, the Loan, as permitted by Regulations § 1.148-5(e)(3). “Qualified administrative costs” are (1) costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Loan, and (2) costs of issuing, carrying or repaying the Bond, and the underwriting fees; but fees paid to the Issuer are not qualified administrative costs.

Section 3.13. Purchase Prices and Yield on Bond.

(a) *Purchase Prices.* In the Purchaser’s Letter of Representation, the Purchaser certified that it expects to purchase, from time to time, the Bond in the aggregate principal amount of \$10,000,000.00, at an aggregate purchase price of \$10,000,000.00, as principal for its own account and has not acted as agent for any person or entity. As of the date hereof, the Purchaser has not sold and has no present intention to sell the Bond to any person.

(b) *Bond Yield.* Because the Bond bears interest at variable rate(s), the Yield on the Bond cannot be computed at this time. Neither the Issuer nor the Corporation has entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bond.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *Expected Use.* The Issuer expects the Corporation to use the Financed Facility for activities which do not constitute “unrelated trades or businesses,” determined by applying Code § 513.

(b) *No Abusive Arbitrage Device.* The Bond is not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer or the Corporation to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(c) *No Over-Issuance.* The sale proceeds of the Bond, together with expected Investment earnings thereon and other money contributed by the Corporation, do not exceed the cost of the governmental purpose of the Bond as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause the Bond to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to supplement the Issuer Tax Compliance Procedure and the Corporation Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bond are issued. The Issuer and the Corporation recognize that interest on the Bond will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer and the Corporation further acknowledge that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Bond to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bond is exempt from gross income in the event of an audit of the Bond by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Issuer Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bond and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Agreement are intended to be consistent with the Issuer Tax Compliance Procedure. In the event of any inconsistency between the Issuer Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern. A copy of the Issuer Tax Compliance Procedure is attached to this Tax Certificate as **Exhibit H**.

(c) *Written Policies and Procedures of the Corporation.* The Corporation intends for the Corporation Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bond and to supplement any other formal policies and procedures related to tax compliance that the Corporation has established. The provisions of this Tax Agreement are intended to be consistent with the Corporation Tax Compliance Procedure. In the event of any inconsistency between the Corporation Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern. A copy of the Corporation Tax Compliance Procedure is attached to this Tax Certificate as **Exhibit I**.

(d) *Corporation Responsible for Post-Issuance Tax Requirements.* The Corporation Tax Compliance Procedure contemplates that the Corporation and the Corporation's Bond Compliance Officer will follow the Corporation Tax Compliance Procedure. The Issuer and the Corporation acknowledge that the investment and expenditure of proceeds of the Bond are within the control of the Corporation, and that substantially all of the proceeds of the property financed or refinanced by the Bond is controlled by the Corporation. For these reasons, the Issuer and the Issuer Bond Compliance Officer are relying on the Corporation and the Corporation Bond Compliance Officer to carry out the responsibilities contained in the Issuer Tax Compliance Procedure as it applies to the Bond and Post-Issuance Tax Requirements as set out in this Tax Agreement. The Corporation agrees to undertake these obligations and the obligations imposed on it with respect to the Bond by the Corporation Tax Compliance Procedure. The Issuer and the Issuer Bond Compliance Officer will cooperate with the Corporation when necessary to enable the Corporation to fulfill its Post-Issuance Tax Requirements. Subject to **Sections 4.1(c), 4.1(d) and 4.1(e)** hereof, this cooperation includes, but is not limited to, signing Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participating in any federal income tax audit of the Bond or related proceedings under a voluntary compliance agreement procedure (VCAP) or a remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2.

(e) *Opinion of Bond Counsel.* Prior to taking any action requested by the Corporation Bond Compliance Officer for the purpose of carrying out the Post-Issuance Tax Requirements, the Issuer is entitled to seek and receive an Opinion of Bond Counsel acceptable to the Issuer.

(f) *Payment of Costs of Post-Issuance Tax Requirements and Indemnifications.* The Issuer is not required to incur any cost in connection with any action taken related to the Post-Issuance Tax Requirements, it being the intent of the parties that all costs of the Post-Issuance Tax Requirements will be paid by, or immediately reimbursed by, the Corporation. With respect to all actions requested of the Issuer by the Corporation involving Post-Issuance Tax Requirements, the Issuer is entitled to recover from the Corporation all legal and other fees and expenses incurred and has all rights of indemnification against the Corporation generally contained in the Loan Agreement.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facilities.

(a) *Record Keeping.* The Corporation Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Bond in accordance with the Issuer Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Corporation Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (i) the Bond or (ii) any obligation issued to refund the Bond. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the Corporation and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Corporation's premises. If requested, the Corporation Bond Compliance Officer will provide the Issuer Bond Compliance Officer with a complete copy of the Tax-Exempt Bond File.

(b) *Accounting and Allocation of Bond Proceeds to Expenditures.* The Corporation Bond Compliance Officer will account for the investment and expenditure of Bond proceeds in the level of detail required by the Corporation Tax Compliance Procedure. The Corporation Bond Compliance Officer will supplement the expected allocation of Bond proceeds to expenditures with a Final Written Allocation. A sample form of Final Written Allocation is attached as **Exhibit F**. The Corporation Bond Compliance Officer will maintain accounting records showing the investment and expenditure of this money as part of the Tax-Exempt Bond File.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a form of Annual Compliance Checklist for the Bond. The Corporation Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually in accordance with the Corporation Tax Compliance Procedure. The Corporation will certify annually in writing to the Issuer its compliance with the terms of this Tax Agreement, and will include with such certification a copy of the completed Annual Compliance Checklist. The Corporation Bond Compliance Officer will refer any responses indicating a violation of the terms of this Tax Agreement to legal counsel to the Corporation or Bond Counsel, and, if recommended by counsel, will follow the procedures referred to in the Issuer Tax Compliance Procedure to correct the non-compliance.

Section 4.3. Investment Yield Restriction. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Bond:

(a) *Project Costs and Costs of Issuance.* Bond proceeds allocable to paying costs of the Financed Facility or allocable to paying Costs of Issuance and investment earnings on such proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain after 3 years, such amounts may continue to be invested without Yield restriction so long as the Corporation pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bond is exempt from the arbitrage rebate requirements of Code § 148.

(b) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Procedures for Establishing Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The Issuer and the Corporation are applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bond. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The Corporation makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar

electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Corporation, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Issuer, the Corporation, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Corporation’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) Bids Received. The bids received by the Corporation must meet all of the following requirements:

(A) The Corporation receives at least 3 bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the Corporation uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Corporation retains the following records with the bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the Corporation for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Corporation, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Bond (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Exemption of Certain Gross Proceeds from the Rebate Requirement.

(a) *General*. A portion of the Gross Proceeds of the Bond may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Bond and will not otherwise affect the application of the Investment limitations described in **Section 4.3** hereof. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** hereof applies even if a portion of the Gross Proceeds of the Bond is exempt from the rebate requirement. To the extent all or a portion of the Bond is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6** hereof.

(b) *Applicable Spending Exceptions.*

(1) The Corporation and (based solely on the expectations of the Corporation) the Issuer expect that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the Corporation.

(2) The following optional rebate spending exceptions can apply to the Bond:

- (A) 6-month spending exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).
- (B) 18-month spending exception (Regulations § 1.148-7(d)).
- (C) 2-year spending exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(3) The Corporation expects to earn approximately \$0 in Investment earnings on Bond proceeds.

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the Corporation may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the Corporation must continue to comply with **Section 4.6**.

(e) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Bond is not taken into account as an expenditure for purposes of meeting any of the spending tests.

(2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the Bond is spent within 6 months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial 6-month period, so long as this amount is spent within 1 year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Bond is spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2-year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the Issuer uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Bond or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2-year spending exceptions only, the Bond meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months after the Issue Date in the case of the 18-month spending exception or 3 years after the Issue Date in the case of the 2-year spending exception.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Computation of Rebate Amount.* The Corporation will provide the Rebate Analyst Investment reports relating to each fund held by the Corporation that contains Gross Proceeds of the Bond at such times as reports are provided to the Corporation, and not later than 10 days following each Computation Date. The Corporation will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Corporation annually as of the end of each Bond Year and not later than 10 days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Bond, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Corporation, the Corporation and the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals.

(b) *Rebate Payments.* Within 60 days after each Computation Date, the Corporation must pay (but solely from money provided by the Corporation) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

(c) *Successor Rebate Analyst.* If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if either the Corporation or the Issuer desire that a different firm act as the Rebate Analyst, then the Corporation (so long as no event of default hereunder or under the Loan Agreement has occurred and is continuing), with the written consent of the Issuer (which consent will not be unreasonably withheld) or the Issuer, by an instrument or concurrent instruments in writing delivered to the Corporation, the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will name a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and neither the Issuer nor the Corporation appoints a qualified successor Rebate Analyst within 30 days following a request to appoint a successor Rebate Analyst, then the Corporation will appoint a firm to act as the successor Rebate Analyst.

(d) *Filing Requirements.* The Issuer (if requested in writing by the Corporation) and the Corporation will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel addressed and delivered to such parties.

(e) *Survival after Defeasance.* Notwithstanding anything in the Loan Agreement to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bond.

Section 4.7. Tax Audits. The Issuer and the Corporation acknowledge that the IRS has a routine tax audit program in place and that the cost of professional representation and compliance with requests for records and other information that are a part of such an audit can be substantial, even if no violation of tax laws are found. The Issuer and the Corporation also recognize that under current administrative procedures the IRS must direct audit inquiries to the Issuer, even though the Corporation has the primary responsibility for maintaining the exclusion of interest on the Bond from gross income for federal income tax purposes. Upon receipt of notice of the commencement of any audit of the Bond, the Corporation or the Issuer will notify the other promptly. Throughout the term of the audit and any subsequent proceedings, the Issuer and the Corporation will provide copies to one another of any correspondence received from or transmitted to the IRS by the other. The Issuer may hire its own legal counsel to represent its interests in connection with the audit or in any further proceeding that results from the audit. At the request of the Issuer, the Corporation will hire separate legal counsel to represent the Corporation's interests in the audit. The Corporation, upon written request of the Issuer, will assume responsibility for responding to information and document requests made by the auditor that are within the knowledge or possession of the Corporation. Promptly on demand by the Issuer in writing, the Corporation will pay costs incurred by the Issuer in connection with the audit or any legal or administrative proceeding resulting from the audit (including the Issuer's reasonable attorney's fees and expenses). So long as the Corporation shall not be in default under the terms of the Loan Agreement neither the Issuer nor the Corporation shall have the right to represent or otherwise bind the other party in connection with any settlement related to the tax-exempt status of the Bond. Nothing contained in this section is intended to limit the rights of the Issuer to recovery under the Loan Agreement or any other agreement or certificate executed in connection with the issuance of the Bond.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the issuance and delivery of the Bond and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bond have been fully paid and all such Bond are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions in **Section 4.2** relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of the Bondowner, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended, the Loan Agreement, such amendment will not cause any Bond to be an arbitrage bond under Code § 148 or otherwise cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer and the Corporation receive an Opinion of Bond Counsel, addressed to the Issuer and the Corporation, that such amendment will not adversely affect the exclusion of the interest on the Bond from gross income for federal income tax purposes.

Section 5.3. Opinion of Bond Counsel. The Issuer and the Corporation may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes. The Issuer (to the extent within its power or direction) and the Corporation further agree to comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bond or the exclusion from gross income of interest on the Bond.

Section 5.4. Reliance. In delivering this Tax Agreement the Issuer is making only those certifications, representations and agreements as are specifically attributed to it in this Tax Agreement. The balance of the certifications, representations and agreements contained in this Tax Agreement, except those made by the Purchaser in the Purchaser's Letter of Representation, are those of the Corporation, and the Issuer is relying on the Corporation with respect to them. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Corporation or the Purchaser and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Bond is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the Issuer and the Corporation and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Bond. Nothing in this Tax Agreement or in the Loan Agreement or the Bond, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Bond, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement. The certifications and representations made in this Tax Agreement and the expectations presented in this Tax Agreement are intended, and may be relied upon, as a certification of an officer of the Issuer given in good faith described in Regulations § 1.148-2(b)(2). The Corporation

understands that its certifications in this Tax Agreement and in its Closing Certificate will be relied upon by the Issuer in the issuance of the Bond and execution of this Tax Agreement. The Issuer and the Corporation understand that such certifications will be relied upon by the law firms of Evans, Froehlich, Beth & Chamley and Gilmore & Bell, P.C., in rendering their opinions as to the validity of the Bond and the exclusion from federal gross income of the interest on the Bond.

Section 5.7. Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement is an event of default under this Tax Agreement. This Tax Agreement is defined as a “Borrower Document” and an “Issuer Document” in the Loan Agreement, and remedies for an event of default under this Tax Agreement may be pursued pursuant to the terms of the Loan Agreement, or any other document which references this Tax Agreement and gives remedies for an event of default thereunder.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Illinois.

Section 5.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be stored, by electronic means. Copies, telecopies, facsimilies, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties to this Tax Agreement have caused this Tax Compliance Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Bond.

**CITY OF URBANA, CHAMPAIGN COUNTY,
ILLINOIS**

By: _____
Title: Mayor

CLARK-LINDSEY VILLAGE, INC.

By: _____
Title: Chief Executive Officer

EXHIBIT A

CERTIFICATE OF APPROVAL

EXHIBIT B

IRS FORM 8038

EXHIBIT C

501(c)(3) DETERMINATION LETTER

EXHIBIT D

**DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY
AND
COMPUTATION OF AVERAGE ECONOMIC LIFE**

[See Spreadsheet]

EXHIBIT E

SAMPLE ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt Bond (“Bond”) financing Financed Facility:	Not to Exceed \$10,000,000 CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS REVENUE BOND (CLARK-LINDSEY VILLAGE PROJECT) SERIES 2015
Issue Date of Bond:	[*Closing Date*]
Placed in service date of Financed Facility:	
Name of Corporation Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Financed Facility owned by the Corporation during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Financed Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Facility (e.g., cafeteria, physical therapy, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Unrelated Trade or Business	During the Annual Period, was any part of the Financed Facility used by the Corporation in an unrelated trade or business (regardless of whether or not the activity generated a profit)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, contact Bond Counsel and include description of the conclusions in the Tax-Exempt Bond File.	
5 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Facility?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

[TO BE PROVIDED TO THE ISSUER]

Corporation Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

Not to Exceed

\$10,000,000

**CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS
REVENUE BOND
(CLARK-LINDSEY VILLAGE PROJECT)
SERIES 2015**

Final Written Allocation

The undersigned is the Bond Compliance Officer of Clark-Lindsey Village, Inc. (the “Corporation”) and in that capacity is authorized to execute federal income tax returns required to be filed by City of Urbana, Champaign County, Illinois (the “Issuer”) and to make appropriate elections and designations regarding federal income tax matters on behalf of the Corporation. This allocation of the proceeds of the bond issue referenced above (the “Bond”) is necessary for the Corporation to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Bond.

Background. The Bond were issued on [*Closing Date*] (the “Issue Date”), by the Issuer. The Bond was issued for the purpose of acquiring, constructing, reconstructing, improving and extending retirement facilities, including the expansion and construction of a pool and aquatic center, the construction of two residential buildings and related road improvements (the “Project”). The Bond was issued pursuant to a Loan Agreement among the Issuer, the Corporation and Busey Bank.

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. A portion of the costs of the Project was paid from sale proceeds of the Bond and the remaining portion of the costs of the Project was paid from other money of the Corporation, as shown on **Schedule 1** to this Final Written Allocation.

Identification of Financed Facility. The portions of the Project financed from Bond proceeds (i.e., the “Financed Facility” referenced in the Tax Compliance Agreement) are listed on page 1 of **Schedule 2** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Corporation allocates the proceeds of the Bond to the various expenditures described in the invoices, requisitions or other substantiation attached as **Schedule 2** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Corporation for an amount it had previously paid or incurred. Amounts received from the sale of the Bond and retained as a bank origination fee are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Bond.

Placed In Service. The Project was “placed in service” on the date set out on **Schedule 2** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Corporation reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CLARK-LINDSEY VILLAGE, INC.

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

SCHEDULE 1
TO FINAL WRITTEN ALLOCATION
ALLOCATION OF SOURCES AND USES

[See Spreadsheet]

**SCHEDULE 2
TO FINAL WRITTEN ALLOCATION**

**IDENTIFICATION OF FINANCED FACILITIES
AND DETAILED LISTING OF EXPENDITURES**

[See Spreadsheet]

EXHIBIT G
REIMBURSEMENT RESOLUTION

EXHIBIT H

COPY OF ISSUER TAX COMPLIANCE PROCEDURE

EXHIBIT I

COPY OF CORPORATION TAX COMPLIANCE PROCEDURE

DRAFT 1 – OCTOBER _____, 2015
FOR DISCUSSION PURPOSES ONLY

CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS

**CONDUIT ISSUER TAX-EXEMPT FINANCING
COMPLIANCE PROCEDURE**

Dated as of November 16, 2015

CONDUIT ISSUER TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

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* * *

CONDUIT ISSUER TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Capitalized words and terms used in this Compliance Procedure have the following meanings:

“**Annual Compliance Checklist**” means a questionnaire and/or checklist described in **Section 6.1** hereof that is completed each year by a Conduit User for the Tax-Exempt Bonds.

“**Bond Compliance Officer**” means the Issuer’s Finance Director or, if the position of Finance Director is vacant, the person filling the responsibilities of the Finance Director for the Issuer.

“**Bond Counsel**” means a law firm selected by the Issuer or the Conduit User to provide a legal opinion regarding the tax status of interest on the Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer on matters referenced in this Compliance Procedure.

“**Bond Restricted Funds**” means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.

“**Bond Transcript**” means the “transcript of proceedings” or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of the Tax-Exempt Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Compliance Procedure**” means this Conduit Issuer Tax-Exempt Financing Compliance Procedure.

“**Conduit User**” means the entity that receives proceeds of Tax-Exempt Bonds issued by the Issuer and is required to pay principal of and interest on the Tax-Exempt Bonds.

“**Conduit User Bond Compliance Officer**” means the individual officer or employee of the Conduit User named as the primary individual responsible for post-issuance tax compliance by the Conduit User in connection with the Tax-Exempt Bonds.

“**Cost**” or “**Costs**” means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.

“**Final Written Allocation**” means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to **Section 5.4** of this Compliance Procedure.

“**Financed Assets**” means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Conduit User and the Tax Compliance Agreement for the Tax-Exempt Bonds.

“Governing Body” means the City Council of the Issuer.

“Intent Resolution” means a resolution of the Issuer or the Conduit User stating (1) the intent of the Issuer or the Conduit User to finance all or a portion of the Project Facility, (2) the expected maximum size of the financing and (3) the intent of the Issuer to reimburse Costs of the Project Facility paid by the Conduit User from proceeds of the Tax-Exempt Bonds.

“IRS” means the Internal Revenue Service.

“Issuer” means the City of Urbana, Champaign County, Illinois.

“Placed In Service” means that date (as determined by the Conduit User Bond Compliance Officer) when the Project Facility is substantially complete and in operation at substantially its design level.

“Project Facility” means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are (1) functionally related or integrated in use, (2) located on the same physical site or proximate sites, and (3) expected to be Placed In Service within a one-year period of each other.

“Rebate Analyst” means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.

“Regulations” means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

“Tax Compliance Agreement” means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer and the Conduit User setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

“Tax-Exempt Bonds” means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer, the proceeds of which are to be loaned or otherwise made available to the Conduit User, and the interest on which is excludable from gross income for federal income tax purposes. A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of the date hereof, is attached as **Exhibit A**.

“Tax-Exempt Bond File” means documents and records which may consist of paper and electronic medium, maintained for the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

- (a) Intent Resolution. (Duplicate Copy Maintained by Bond Compliance Officer)
- (b) Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.

- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate. (Duplicate Copy Maintained by Bond Compliance Officer)
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
 - (1) bid solicitation, bid responses, certificate of broker;
 - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
 - (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- (h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (i) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP). (Duplicate Copy Maintained by Bond Compliance Officer)
- (j) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.
- (l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

ARTICLE II

PURPOSE AND SCOPE

Section 2.1. Purpose of Compliance Procedure.

(a) Issuer's Use of Tax-Exempt Bonds. The Issuer issues Tax-Exempt Bonds and loans or otherwise makes the proceeds available to Conduit Users to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the

investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.

(b) IRS Recommends Separate Written Procedures. The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.

(c) Issuer Commitment. The Issuer is committed to full compliance with the federal tax law requirements for all of its outstanding and future tax-exempt financings. This Compliance Procedure is adopted by the Governing Body to comply with the IRS directives and to improve tax law compliance and documentation. As the Conduit User for the Tax-Exempt Bonds is primarily responsible for the expenditure and investment of proceeds of the Issuer's Tax-Exempt Bonds, the use of the Financed Assets and the Project Facility, this Compliance Procedure provides that the Conduit User will assume substantially all obligations related to post-issuance compliance for Tax-Exempt Bonds issued for its benefit.

Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to all Tax-Exempt Bonds currently outstanding and all Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement, will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist.

Section 2.3. Amendments and Publication of Compliance Procedure. This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

ARTICLE III

BOND COMPLIANCE OFFICER; TRAINING

Section 3.1. Bond Compliance Officer Duties. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with the Conduit User Bond Compliance Officer to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

Section 3.2. Training.

(a) Training Programs. When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding Tax-Exempt Bonds that are relevant to the Issuer.

(b) Change in Bond Compliance Officer. Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the Issuer will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

ARTICLE IV

TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

Section 4.1. Tax-Exempt Bonds Covered by Article IV Procedures. This Article IV applies to all Tax-Exempt Bonds issued and outstanding or approved on or prior to the date of this Compliance Procedure. These Tax-Exempt Bonds are listed on **Exhibit A**.

Section 4.2. Tax-Exempt Bond File. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on **Exhibit A**.

Section 4.3. Conduit User Contact. As soon as practical the Bond Compliance Officer will send to the Conduit User of the Tax-Exempt Bonds listed on **Exhibit A**, a copy of the Tax Compliance Agreement for the financing along with a letter reminding the Conduit User that under the agreement it is responsible for post-issuance tax compliance related to the investment of Bond Restricted Funds, record keeping, use of Tax-Exempt Bond proceeds, and use of the Project Facility. The letter will contain a list of records comprising the Tax-Exempt Bond File that the Conduit User should retain for the applicable Tax-Exempt Bonds.

Section 4.4. Annual Certification. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will request each Conduit User to confirm annually in writing its compliance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.

Section 4.5. Correcting Prior Deficiencies in Compliance. In the event a Conduit User informs the Bond Compliance Officer of a deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will consult with Bond Counsel and, as necessary, direct the Conduit User to follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

ARTICLE V

COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES

Section 5.1. Application. This Article V applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

Section 5.2. Prior to Issuance of Tax-Exempt Bonds.

(a) Intent Resolution. The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of the authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution. The Bond Compliance Officer will provide the Conduit User with a copy of this Compliance Procedure prior to adoption of the Intent Resolution.

(b) Directions to Bond Counsel. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure. To the extent the Issuer relies on or acts at the direction of the Conduit User, the Tax Compliance Agreement will contain appropriate provision for Issuer indemnification by the Conduit User.

(c) Tax Compliance Agreement. For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the Conduit User Bond Compliance Officer or other duly authorized officer of the Conduit User. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance by the Conduit User, (3) for new money financings, require the Conduit User to complete a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Conduit User Bond Compliance Officer will confer with Bond Counsel, the Bond Compliance Officer and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

(d) Preliminary Cost Allocations. For each issuance of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Tax-Exempt Bonds (the "Financed Assets") and the portions, if any, expected to be financed from other sources.

(e) Tax Review with Bond Counsel. Prior to the sale of Tax-Exempt Bonds, the Bond Compliance Officer, Conduit User Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bonds.

Section 5.3. Accounting and Recordkeeping.

(a) Accounting for New Money Projects. The Conduit User Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Conduit User Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. The Conduit User Bond Compliance Officer may use

accounts established pursuant to a trust indenture for the Tax-Exempt Bonds to assist it in accounting for the investment and expenditure of Tax-Exempt Bonds. In recording Costs for the Project Facility, the Conduit User Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds.

(c) Tax-Exempt Bond File. The Conduit User Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File. The Conduit User Bond Compliance Officer will provide copies to the Issuer of items contained in the Tax-Exempt Bond File upon request.

Section 5.4. Final Allocation of Bond Proceeds.

(a) Preparation of Final Written Allocation: Timing. The Conduit User Bond Compliance Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Conduit User Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Conduit User Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.

(b) Contents and Procedure. The Conduit User Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money of the Conduit User to the Costs of the Project Facility. If no special allocation is required or recommended, the Conduit User Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Conduit User's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Tax-Exempt Bonds).

(c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Conduit User Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the relevant Tax Compliance Agreement. The Conduit User Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.

(d) Review of Final Written Allocation and Annual Compliance Checklist. Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Conduit

User or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Conduit User Bond Compliance Officer will execute the Final Written Allocation.

ARTICLE VI

ONGOING MONITORING PROCEDURES

Section 6.1. Annual Compliance Checklist. An Annual Compliance Checklist will be completed by the Conduit User Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Conduit User Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Conduit User or Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 4.4** hereof to remediate the non-compliance.

Section 6.2. Arbitrage and Rebate Compliance. The Conduit User Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

ADOPTED BY THE CITY COUNCIL OF THE
CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS
November 16, 2015

EXHIBIT A

LIST OF TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE

Revenue Bonds (Clark-Lindsey Project), Series 2004

Revenue Bond (Clark-Lindsey Village Project) Series 2015