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***CONTINUING COVENANT AGREEMENT***

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CONTINUING COVENANT AGREEMENT

dated as of December 1, 2011,

between

BOARD OF EDUCATION OF THE CITY OF CHICAGO

and

PNC BANK, NATIONAL ASSOCIATION

Relating to

\$95,000,000

UNLIMITED TAX GENERAL OBLIGATION BONDS  
(DEDICATED REVENUES), SERIES 2011D

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## EXHIBITS

### EXHIBIT A – BOND AMORTIZATION

## CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT, dated as of December 1, 2011 (as amended, modified or restated, this “*Agreement*”), between the Board of Education of the City of Chicago (the “*Issuer*”), a school district duly organized and existing under the Constitution and laws of the State of Illinois, and PNC BANK, NATIONAL ASSOCIATION, a national banking association.

### RECITALS

WHEREAS, the Issuer has issued its Unlimited Tax General Obligation Refunding Bonds, Series 2011D (the “*Bonds*”) pursuant to a Trust Indenture dated as of the date hereof (the “*Indenture*”), by and between the Issuer and Amalgamated Bank of Chicago, as trustee (the “*Trustee*”); and

WHEREAS, the Bank has agreed to purchase the Bond and as a condition to such purchase, the Bank has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Bank to purchase the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Bank hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.01. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and the Indenture, the following terms shall have the following meanings:

“*2009 Authorization*” has the meaning set forth in the Indenture.

“*Adjusted Base Rate*” means, for any day, the Base Rate in effect for such day without regard to clause (iv) of the definition thereof.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Amortization End Date*” means the earlier to occur of (a) the maturity date of the Bonds as set forth in Exhibit B hereto, (b) the date on which the interest rate on all of the Bonds has

been converted to an interest rate other than the Index Rate and (c) the date on which all Bonds are redeemed, repaid, prepaid or cancelled in accordance with the terms of the Indenture.

“*Amortization Payment*” has the meaning set forth in Section 3.01(c) hereof.

“*Amortization Payment Date*” means (a) the Initial Amortization Payment Date and each date set forth in Exhibit B hereto on which a portion of the Bonds is required to be redeemed in accordance with the Indenture, and (b) the related Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 3.01(c) hereof.

“*Applicable Factor*” means [REDACTED].

“*Applicable Spread*” means a rate per annum associated with the Level corresponding to the lowest long-term unenhanced debt rating assigned by any of Moody’s, Fitch or S&P to any Parity Bonds of the Issuer (each, a “*Rating*”), as specified below.

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	APPLICABLE SPREAD
Level 1	A1 or above	A+ or above	A+ or above	[REDACTED]
Level 2	A2	A	A	
Level 3	A3	A-	A-	
Level 4	Baa1	BBB+	BBB+	
Level 5	Baa2	BBB	BBB	

In the event of split Ratings (*i.e.*, one of the Rating Agencies’ ratings is at a different level than the rating of another Rating Agency), the Applicable Spread shall be based upon the Level in which the lowest Rating appears. Any change in the Applicable Spread resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. The Issuer acknowledges that as of the Effective Date the Applicable Spread is that specified above for Level 1. The Issuer shall at all times maintain Ratings from at least two Rating Agencies. If the Issuer no longer maintains a Rating from all three Rating Agencies, the fee will be based on the lower Rating from the remaining Rating Agencies.

“*Authorized Officer*” means the President, the Chief Financial Officer or any other officer of the Issuer authorized to act on their behalf.

“*Bank*” means, initially, PNC Bank, National Association, a national banking association, and its successors and assigns, and upon the receipt from time to time by the Trustee

and the Issuer of a notice described in Section 9.13(a) from time to time means the Person designated in such notice as the Bank, as more fully provided in Section 9.13(a) hereof.

*“Bank Affiliate”* means the Bank and any Affiliate of the Bank, and includes, without limitation, PNC Bank, National Association and PNC Capital Markets, Inc.

*“Bank Transferee”* has the meaning set forth in Section 9.13(b) hereof.

*“Base Rate”* means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Bank’s Prime Rate in effect at such time *plus* one and one-half percent (1.5%), (ii) the Federal Funds Open Rate in effect at such time *plus* two percent (2.0%), (iii) the Daily LIBOR Rate *plus* one percent (1.0%), or (iv) seven and one half percent (7.5%).

*“Bond Authorization Act”* means the Bond Authorization Act, codified at 30 ILL. COMP. STAT. 305/0.01.

*“Bond Counsel”* means Quarles & Brady LLP or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

*“Bondholder”* means the Bank and each Bank Transferee or Non-Bank Transferee pursuant to Section 9.13 hereof so long as such Bank Transferee or Non-Bank Transferee is an owner of Bonds.

*“Bonds”* has the meaning set forth in the recitals hereof.

*“Business Day”* means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in City of Chicago, Illinois, Pittsburgh, Pennsylvania or the City of New York, New York or the states where the principal corporate office of the Issuer or the principal corporate trust office of the Trustee is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Index Agent or the principal office of the Bank is closed.

*“Capital Lease”* means any lease of Property which, in accordance with GAAP, is required or permitted to be capitalized on the financial statements of the lessee.

*“Closing Date”* means the date on which the Bank purchases the Bond.

*“Code”* means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

*“Constitution”* means the 1970 Constitution of the State of Illinois.

*“Daily LIBOR”* means, for any day, the rate per annum determined by the Bank by dividing (i) the Published Rate by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage.

*“Debt”* of any Person means at any date, without duplication: (a) all obligations of such Person for borrowed money and reimbursement obligations under letters of credit which are not contingent; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all net obligations of such Person under any Swap Agreement; (d) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (e) all obligations of such Person as lessee under Capital Leases; (f) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person; (g) all Guarantees by such Person.

*“Default”* means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

*“Default Rate”* means, (i) for the first one hundred eighty days after the occurrence of an Event of Default, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3%), and (ii) thereafter, the Maximum Interest Rate.

*“Determination of Taxability”* means and shall be deemed to have occurred on the first to occur of the following:

- (i) on that date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

- (ii) on the date when the Issuer notifies any Bondholder or any former Bondholder that it has requested and received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Bondholder of such notification from the Issuer, the Issuer shall deliver to the Bondholder and any former Bondholder a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

- (iii) on the date when the Issuer shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

- (iv) on that date when the Issuer shall receive notice from the Bondholder or any former Bondholder that the Internal Revenue Service (or any other government



official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bonds due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bondholder or former Bondholder, the Issuer shall promptly reimburse, but solely from payments made by the Issuer, such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

*“Effective Date”* means December 16, 2011, subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Article IV hereof.

*“EMMA”* means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

*“Event of Default”* with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

*“Event of Taxability”* means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes, whether as a result of a claim by the Internal Revenue Service that interest on the Bonds is includable in the gross income of Bondholder or any former Bondholder for federal income tax purposes, or an opinion of bond counsel, or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes with respect to the Bonds.

*“Excess Interest Amount”* has the meaning set forth in Section 3.02(e) of this Agreement.

*“Federal Funds Open Rate”* means, for any day, the rate per annum which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption “OPEN” (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Bank (an

“*Alternate Source*”) (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error); *provided, however*, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the “open” rate on the immediately preceding Business Day. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Federal Funds Open Rate without notice to the Issuer.

“*Fiscal Year*” means the twelve month period from July 1 through the following June 30.

“*Fitch*” means Fitch, Inc., and its successors and assigns.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer.

“*Governmental Authority*” means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

“*Guarantee*” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably

anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“*Indemnatee*” has the meaning set forth in Section 8.01 hereof.

“*Indenture*” has the meaning set forth in the recitals hereof.

“*Index Agent*” has the meaning assigned to such term in the Indenture.

“*Index Rate*” has the meaning assigned to such term in the Indenture.

“*Index Rate Period*” has the meaning assigned to such term in the Indenture.

“*Initial Amortization Payment Date*” means the first date following the Mandatory Tender Date on which Bonds are required to be redeemed pursuant to the Indenture and as set forth on Exhibit B hereto.

“*Initial Index Rate Termination Date*” means December 1, 2014.

“*Initial Index Rate Period*” has the meaning assigned to such term in the Indenture.

“*Interest Payment Date*” shall mean with respect to the Bonds, the first Business Day of each month.

“*Investor Letter*” has the meaning set forth in Section 9.13(b) hereof.

“*Issuer*” has the meaning set forth in the introductory paragraph hereof.

“*Laws*” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Liabilities*” has the meaning set forth in Section 8.01 hereof.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

*“LIBOR Reserve Percentage”* means the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as *“Eurocurrency Liabilities”*); *provided* that so long as no such percentage is in effect, the LIBOR Reserve Percentage shall be zero.

*“Majority Bondholder”* means the Bondholders owning a majority of the aggregate principal amount of Bonds from time to time, as evidenced by the Bond register maintained by the Trustee. As of the Effective Date, PNC Bank, National Association shall be the Majority Bondholder.

*“Mandatory Tender Date”* means the date on which the Bonds are subject to mandatory tender for purchase on the Initial Index Rate Termination Date.

*“Mandatory Tender Purchase Price”* means an amount equal to 100% of the principal amount of the Bonds subject to mandatory tender for purchase, *plus* accrued interest to the Mandatory Tender Date, on the Mandatory Tender Date.

*“Material Adverse Effect”* means, as to the Issuer, any material adverse change in or effect on (i) the operations, assets, liabilities, condition (financial or otherwise) or results of operations of the Issuer, (ii) the ability of the Issuer to consummate the transactions contemplated by this Agreement or any of the Related Documents, (iii) the ability of the Issuer to perform any of its obligations under this Agreement or any of the Related Documents or (iv) the legality, validity, binding effect or enforceability against the Issuer of any Related Document to which it is a party, or the ability of the Bank to realize upon its right and remedies under this Agreement or any of the Related Documents.

*“Maximum Interest Rate”* means the maximum rate of interest on the relevant obligation permitted by applicable law, including the Bond Authorization Act.

*“Moody’s”* means Moody’s Investors Service, Inc.

*“1933 Act”* has the meaning set forth in Section 9.13(c) hereof.

*“No Default Certificate”* means a certificate substantially in form of Exhibit A hereto.

*“Non-Bank Transferee”* has the meaning set forth in Section 9.13(c) hereof.

*“Obligations”* means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Bank for any advances or expenditures by it under any of such documents).

*“OFAC”* means the United States Department of Treasury Office of Foreign Assets Control.

*“OFAC Sanctions Programs”* means all laws, regulations, and Executive Orders administered by OFAC, including without limitation, the Bank Secrecy Act, anti-money laundering laws (including, without limitation, the Patriot Act), and all economic and trade sanction programs administered by OFAC, any and all similar United States federal laws, regulations or Executive Orders, and any similar laws, regulators or orders adopted by any State within the United States.

*“OFAC SDN List”* means the list of the Specially Designated Nationals and Blocked Persons maintained by OFAC.

*“Ordinance”* has the meaning set forth in the recitals hereof.

*“Parity Bonds”* means any bonds heretofore or hereafter issued by the Issuer and secured by a pledge of, and payable from, Pledged State Aid Revenues and Pledged Taxes, and issued pursuant to the 2009 Authorization.

*“Patriot Act”* means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

*“Person”* means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

*“Pledged State Aid Revenues”* has the meaning set forth in the Indenture.

*“Pledged Taxes”* has the meaning set forth in the Indenture.

*“Prime Rate”* means for any day the per annum rate of interest published each Business Day from time to time at the Bank’s offices in Pittsburgh, Pennsylvania as its “prime rate” (or equivalent), with any change in such rate to be automatically and immediately effective on the date of any change in such rate, it being understood that such rate may not be the Bank’s best or lowest rate.

*“Property”* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*“Published Rate”* shall mean the rate of interest published each Business Day in *The Wall Street Journal* “Money Rates” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, than the Published Rate shall be the eurodollar rate for a one month period as published in another publication selected by the Bank).

*“Purchaser Rate”* means a fluctuating interest rate per annum which, for each day, shall equal (i) for the period from and including the Mandatory Tender Date to and including the

thirtieth (30th) day immediately succeeding the Mandatory Tender Date, the Base Rate from time to time in effect *plus* one percent (1%), (ii) for the period from and after the thirty-first (31st) day immediately succeeding the Mandatory Tender Date to and including the date one hundred and eighty (180) days after the Mandatory Tender Date, the Base Rate from time to time in effect *plus* two percent (2%), and (iii) for the period from and after the date one hundred and eighty-one (181) days immediately succeeding the Mandatory Tender Date, the Maximum Interest Rate; *provided that* if an Event of Default has occurred and is continuing, the Purchaser Rate shall equal the Default Rate.

*“Rating Agency”* means any of S&P, Moody’s and Fitch, as applicable.

*“Related Documents”* means this Agreement, the Indenture, the Bonds, the Resolution, and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

*“Resolution”* means Resolution No. 11-026-RS4, adopted by the Issuer on October 26, 2011, authorizing the issuance of the Bonds.

*“Risk-Based Capital Guidelines”* means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

*“School Code”* has the meaning set forth in the Indenture.

*“S&P”* means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., or any successor thereto.

*“State”* means the State of Illinois.

*“Swap Agreement”* means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with

any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Swap Provider*” means any counterparty of a Swap Agreement.

“*Taxable Date*” means the date on which interest on the Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a result of an Event of Taxability as such a date is established pursuant to either (i) the Determination of Taxability or (ii) an opinion by an attorney or firm of attorneys of nationally recognized standing on the subject of tax-exempt municipal finance.

“*Taxable Period*” has the meaning set forth in Section 3.02(b) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the average interest rate on the Bonds during such period and (ii) 1.54.

“*Trustee*” has the meaning set forth in the recitals hereof.

“*Trust Estate*” has the meaning set forth in the Indenture.

“*Unremarketed Bonds*” means Bonds with respect to which the Bank has not received payment of the Mandatory Tender Purchase Price, if any, on the Mandatory Tender Date.

*Section 1.02. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

*Section 1.03. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

*Section 1.04. Incorporation of Certain Definitions by Reference.* Any capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Indenture.

*Section 1.05. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with Generally Accepted Accounting Principles. In the event of changes to

Generally Accepted Accounting Principles which become effective after the Effective Date, the Issuer and the Bank agree to negotiate in good faith appropriate revisions of this Agreement so as to perpetuate the meaning and effect of such provisions as originally negotiated and agreed upon.

*Section 1.06. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.* (a) Nothing in this Agreement shall be deemed to amend, or relieve the Issuer of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Issuer to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Issuer nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.06, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

## **ARTICLE II**

### **PURCHASE OF BONDS**

*Section 2.01. Purchase of Bonds.* (a) *Purchase Price.* Upon the conditions set forth in Article IV and based on the representations, warranties and covenants of the Issuer set forth in the Indenture and herein, the Bank hereby agrees to purchase from the Trustee, and the Issuer hereby agrees to cause the Trustee to sell to the Bank, all, but not less than all, of the Bonds at the purchase price of \$95,000,000 representing the aggregate principal amount of the Bonds (the “Purchase Price”).

(b) *Closing.* On the Effective Date, the Issuer shall deliver to the Bank the documents described in Article IV hereof. Upon delivery of such documents, the Bank will provide a loan to the Issuer by paying the full Purchase Price for the Bonds by immediately available federal funds payable to the Trustee on behalf of the Issuer. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Bank, or as otherwise directed by the Bank. The Bonds shall be so issued and registered to and held by the Bank, or as otherwise directed by the Bank.



## ARTICLE III

### THE ISSUER'S OBLIGATIONS

*Section 3.01. Payment Obligations.* (a) The Issuer hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all Obligations owed to the Bank under the Related Documents, including, without limitation, principal of and interest on the Bonds, and to pay any other Obligations owing to the Bank whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) The Issuer, may by written notice to the Bank, not sooner than 150 days but no later than 90 days prior to the Mandatory Tender Date, request that the Bank continue to hold the Bonds following the Initial Period for a succeeding Index Rate Period and provide indicative interest rates applicable to the next succeeding Index Interest Rate Period. The Bank will respond to such request within sixty (60) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the request. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed request. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement and the delivery of a "no adverse effect opinion" of Bond Counsel to the Bank with respect to the tax-exempt status of the Bonds as a result of such conversion and interest rate setting. On or before 30 days prior to the Mandatory Tender Date, the Issuer shall notify the Bank of the Issuer's desire for the Bank to continue holding the Bonds and for Bonds to remain outstanding for the duration of the new Index Interest Rate Period at the rates discussed by the parties. Notwithstanding the foregoing, the interest rate on the Bonds for the subsequent Index Interest Rate Period shall be an interest rate on the Bonds which permits the Bonds to be remarketed at par. In the event the Issuer and the Bank fail to document in writing their agreement of the proposed rate and length of the succeeding period, or the opinion of Bond counsel described above is not delivered, the Bank shall tender the Bonds on the Mandatory Tender Date for a purchase price of 100% of the par amount plus accrued interest to the Mandatory Tender Date.

(c) In the event that the Bank has notified the Issuer that it is not willing to purchase the Bonds for another Index Interest Rate Period (or is deemed to have refused to grant or reject the request to continue to hold the Bonds) and the Bonds are subject to mandatory purchase in accordance with Section 3.3(B) of the Indenture, and the Bank has not received the Mandatory Tender Purchase Price on the Mandatory Tender Date, the Bank shall continue to be the holder of the Unremarketed Bonds until such Bonds are remarketed or converted to another interest rate mode and the Issuer shall cause the principal amount of the Unremarketed Bonds to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Bonds to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End

Date is herein referred to as the “*Amortization Period*”). Each Amortization Payment shall be that amount of principal specified for the corresponding date set forth on Exhibit B hereto. During the Amortization Period, interest on Unremarketed Bonds shall accrue at the Purchaser Rate and be payable monthly in arrears on the first Business Day of each calendar month.

(d) The Issuer shall pay within ten (10) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Bank in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment of any Related Document, consent by the Bank or waiver by the Bank under any Related Document, in each case in a minimum amount of [REDACTED];

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Bank in connection with advising the Bank as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Bank to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or other Related Documents, then, if the Issuer lawfully may pay for such stamps, taxes or fees, the Issuer shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Issuer agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay of Issuer in paying, or omission of Issuer to pay, such stamps, taxes and fees hereunder.

### *Section 3.02. Increased Payments.*

(a) *Increased Costs.* The Issuer agrees that if because of any new law or regulation, Risk-Based Capital Guidelines, policy, guideline, interpretation, or directive, or because of any change in any existing law, regulation, Risk-Based Capital Guidelines, policy, guideline, interpretation, or directive or in the interpretation thereof by any official authority, if having the force of law or in any other respect obligatory upon any Bondholder, including specifically but without limitation all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, guidelines or directives promulgated by the Bank of International Settlements, or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), regardless of the

date enacted, adopted, issued, promulgated or implemented, which comes into effect after the date of this Agreement:

(i) any Bondholder should, with respect to this Agreement, the Bonds or any transaction hereunder, be subject to any tax, charge, fee, deduction or withholding of any kind whatsoever, or

(ii) increased insurance premiums, reserve requirements, or changes in levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), should be imposed on any Bondholder with respect to this Agreement, the Bonds or any transactions hereunder or thereunder, and if any of the above-mentioned measures, should result in (A) any increase in the cost to any Bondholder of owning the Bonds or any transaction under this Agreement, or (B) any reduction in the amount of principal, interest or any fee receivable by any Bondholder in respect of the Bonds or this Agreement or of any transaction under this Agreement or (C) any reduction in the yield or rate of return of any Bondholder on the Bonds, to a level below that which such Bondholder could reasonably have achieved but for the adoption or modification of any such requirements,

then the Issuer agrees, to the extent permitted by law, to pay to such Bondholder such increased cost or reduction in yield or rate of return. In determining any such amounts, each Bondholder will act reasonably and in good faith, using averaging and attribution methods which are reasonable, and will notify the Issuer within a reasonable period after it becomes aware of any such change. Such amount shall, to the extent permitted by law, be due and payable by the Issuer to such Bondholder on demand.

(b) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, to the extent not payable to each Bondholder (or to the Bank for the period that it was the Bondholder of any of the Bonds) under the terms of the Indenture and the Bonds, the Issuer hereby agrees to pay to each Bondholder (or, if applicable, the Bank) on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder (or, if applicable, the Bank) on the Bonds during the period for which interest on the Bonds is included in the gross income of such Bondholder (or, if applicable, the Bank) if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Bondholder (or, if applicable, the Bank) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Bondholder (or, if applicable, the Bank) as a result of interest on the Bonds becoming included in the gross income of such Bondholder (or, if applicable, the Bank), together with any and all attorneys’ fees, court costs, or other out-of-pocket costs incurred by such Bondholder (or, if applicable, the Bank) in connection therewith.

(ii) Subject to the provisions of clauses (iii) and (iv) below, such Bondholder (or, if applicable, the Bank) shall afford the Issuer the opportunity, at the Issuer’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Bondholder (or, if applicable, the Bank) or (2) any challenge to the validity of the tax exemption with

respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(iii) As a condition precedent to the exercise by the Issuer of its right to contest set forth in clause (ii) above, the Issuer shall, on demand, immediately reimburse such Bondholder for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable, as determined by such Bondholder (or, if applicable, the Bank) in its sole discretion) that may be incurred by the Bank in connection with any such contest that are not incurred as a direct result of any action or failure to act on the part of the Bank, and shall, on demand, immediately reimburse the Bank for any and all penalties or other charges payable by such Bondholder (or, if applicable, the Bank) for failure to include such interest in its gross income; and

(iv) The amounts payable by the Issuer pursuant to this Section 3.02(b) shall not be payable in excess of the Maximum Rate applicable to the taxable obligations of the Issuer.

(v) The obligations of the Issuer under this Section 3.02(b) shall survive the termination of this Agreement, the termination of any of the other Related Documents, and the redemption or other payment in full of the Bonds.

(c) All payments of amounts equal to or less than \$100,000 referred to in paragraphs (a) and (b) of this Section shall be due and payable sixty (60) days following the Issuer's receipt of written notice thereof, and all payments of amounts in excess of \$100,000 referred to in paragraphs (a) and (b) of this Section shall be due and payable within one hundred eighty (180) days following the Issuer's receipt of notice thereof; *provided, however*, that the Issuer may reasonably request additional information from the Bank during such period regarding the basis for, and the calculation of, the amount requested by the Bank. If the Issuer makes such request of the Bank, such amounts shall be due and payable on the date which is sixty (60) days or one hundred eighty (180) days, as applicable, following such request for additional information by the Issuer. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue at the Adjusted Base Rate from the date when the payments were first due and shall otherwise be payable in accordance with the terms hereof; *provided*, that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate (but in no event in excess of the Maximum Bank Rate) until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by the Bank as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Issuer and shall be deemed prima facie correct as to the amount thereof (but subject to the foregoing right of the Issuer to request additional information regarding basis and calculation). In making the determinations contemplated by the above referenced certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank reasonably determines to be reasonably appropriate. Notwithstanding the foregoing, the Issuer shall have no liability to any Bondholder for any increased costs or reduction in return to the extent incurred by

the Bank more than one year prior the date on which the Bank delivers the certificate to the Issuer described above.

(d) *Default Rate.* Upon the occurrence of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Bondholder (or, if applicable, the Bank) upon demand therefor.

(e) *Maximum Interest Rate.* (i) If the amount of interest payable for any period in accordance with the terms hereof or the Bonds exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Bondholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount.

(f) *Survival.* The obligations of the Issuer under this Section 3.02 (other than the Issuer's obligations with respect to Section 3.02(e) to the extent of that portion of the Excess Interest Amount which has not been recaptured as of the date of the termination of this Agreement) shall survive the termination of this Agreement and the redemption or other payment in full of the Bonds.

*Section 3.03. Obligations Absolute.* The payment obligations of the Issuer under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Bank, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Bank acknowledges the Issuer may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Issuer's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

*Section 3.04. Funding Indemnity.* In the event the Bank shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Bank to purchase or hold the Bonds or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Bank) as a result of any redemption of the Bonds on a date other than an Interest Payment Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Indenture, then upon the demand of the Bank, the Issuer shall pay to the Bank a redemption premium in such amount as will reimburse the Bank for such loss, cost, or expense. If the Bank requests such redemption premium, it shall provide to the Issuer a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption premium in reasonable detail and such certificate shall be conclusive if reasonably determined.

*Section 3.05. Optional Redemption or Conversion Fee.* The Issuer shall pay to the Bank an optional redemption or conversion fee in connection with each optional redemption of all or any portion of the Bonds or each conversion of the interest rate on all or any portion of the Bonds from the Index Rate prior to the first anniversary of the Effective Date, in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or conversion, as applicable, (B) the principal amount of the Bonds to be optionally redeemed or converted to an interest rate other than the Index Rate, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or conversion, as applicable, to and including the first anniversary of the Effective Date, and the denominator of which is 365, payable on the date that all or any portion of the Bonds are optionally redeemed or the date on which the interest rate on all or any portion of the Bonds are converted to bear interest at a rate other than the Index Rate.

*Section 3.06. Bank Consent to Subsequent Index Rate Period.* So long as the Bank is the Bondholder, on or before the date one hundred twenty (120) days prior to the end of the Initial Index Rate Period, the Issuer may provide written notice to the Bank of its desire to change the interest rate mode of the Bonds (including conversion to a new Index Rate Period) and requesting the Bank to purchase such Bonds in such new Index Rate Period or provide the liquidity or credit enhancement necessary to facilitate the conversion of the Bonds to such new interest rate mode. The Bank will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. The Bank may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Bank shall have consented thereto in writing. In the event the Bank fails to definitively respond to such request within such sixty (60) day period, the Bank shall be deemed to have refused to grant such request. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance

satisfactory to the Bank (which may include, but not be limited to the delivery of a “no adverse effect opinion” of Bond Counsel to the Bank with respect to the tax-exempt status of the Bonds as a result of such conversion and interest rate setting). In the event the Issuer and the Bank fail to document in writing their agreement of the proposed rate(s) and terms of the succeeding period(s), the Issuer shall continue to be required to repurchase the Bonds on the Mandatory Tender Date for a purchase price of 100% of the par amount plus accrued interest to the Mandatory Tender Date.

## **ARTICLE IV**

### **CONDITIONS PRECEDENT TO PURCHASE OF BONDS**

*Section 4.01. Documentary Requirements.* The obligation of the Bank to purchase the Bonds is subject to the conditions precedent that the Bank shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Bank. However, should the Bank purchase the Bonds prior to its receipt and approval of any of the following items, such purchase shall not be deemed to be a waiver of any documentary requirement.

(a) The following Issuer organizational documents:

- (i) copies of the Resolution, certified by an authorized representative of the Issuer as being true and complete and in full force and effect on the Effective Date;
- (ii) the audited annual financial statements for the Issuer for its Fiscal Year ended June 30, 2010, together with internally prepared, unaudited financial statements of the Issuer for the fiscal quarters ended since the end of such Fiscal Year; and
- (iii) a certificate of an authorized representative of the Issuer certifying the names and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

- (i) an executed original or certified copy, as applicable, of each of the Related Documents;
- (ii) the Related Documents; and
- (iii) copies of all documentation relating to any Swap Agreement relating to the Bonds.

(c) The following opinions, addressed to the Bank or on which the Bank is otherwise expressly authorized to rely:

(i) from counsel to the Issuer, opinions as to the due authorization, execution and delivery of the Related Documents, the enforceability of the Related Documents, and such other customary matters as the Bank may reasonably request; and

(ii) from Bond Counsel, opinions to the effect that interest on the Bonds will be excluded from the gross income of the Bondholders for federal income tax purposes and such other customary matters as the Bank may reasonably request;

(d) The following documents and other information:

(i) a certificate signed by an authorized representative of the Issuer certifying (A) that there has been no event or circumstance since June 30, 2010, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article IV hereof and the other Related Documents are true and correct in all material respects on the Effective Date and (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or an Event of Default hereunder or an event of default under documents entered into by the Issuer in connection with any Parity Debt;

(ii) evidence that the Issuer's Parity Debt has been assigned an unenhanced rating from Moody's, S&P and Fitch of at least "Aa3", "AA-," and "A+," respectively; and

(iii) the Issuer shall certify that (i) no Default or Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution and delivery by the Issuer of this Agreement and the Related Documents; and (ii) the representations and warranties and covenants made by the Issuer in Article V and VI hereof or incorporated herein by reference shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date.

*Section 4.02. Litigation.* The Bank shall have received a written description of all actions, suits or proceedings pending or, to the Issuer's knowledge, threatened against the Issuer or any substantial portion of its Property in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Bank may reasonably request.

*Section 4.03. Other Matters.* All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Bank and its counsel, and the Bank shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Bank may reasonably request.



*Section 4.04. Payment of Fees and Expenses.* On or prior to the Effective Date, the Bank shall have received reimbursement of the Bank's fees and expenses, and any other fees incurred in connection with the transaction contemplated by the Related Documents, including the legal fees of counsel to the Bank.

## **ARTICLE V**

### **REPRESENTATIONS AND WARRANTIES**

The Issuer makes the following representations to the Bank and to each Bondholder:

*Section 5.01. Due Authorization.* The Issuer has full legal right, power and authority to (i) adopt the Resolution and (ii) enter into, to execute and deliver this Agreement and the other Related Documents to which it is a party as provided herein and in the Resolution. The Issuer has duly authorized and approved the execution and delivery of this Agreement and the other Related Documents to which it is a party. The Issuer will apply the proceeds of the Bonds in accordance with the terms and provisions of the Indenture.

*Section 5.02. Enforceability.* No further authorization or approval is required for the Issuer's execution and delivery of this Agreement or the Related Documents to which it is a party, and this Agreement and the Related Documents to which the Issuer is a party constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws relating to or affecting the enforcement of creditors' rights generally or by general principles of equity; and no further authorization or approval is required with respect to the enforceability of the Issuer's obligations hereunder or thereunder.

*Section 5.03. Resolution and Indenture.* The Issuer has duly adopted the Resolution, which is in full force and effect. The Indenture has been duly authorized, has been duly executed and delivered by authorized officers of the Issuer, and is in full force and effect. In connection with the issuance of the Bonds, the Issuer has complied in all material respects with the Resolution, the Indenture and the laws of the State.

*Section 5.04. Consents.* All approvals, consents registrations, declarations and filings (except, if any, under applicable state blue sky or securities laws) with, any federal, state or other governmental body or instrumentality, having jurisdiction which would constitute a condition precedent as of the Closing Date to the performance by the Issuer of its obligations hereunder, under the Resolution or under the other Related Documents to which the Issuer is a party have been obtained or made as of such date.

*Section 5.05. No Violation.* The adoption of the Resolution and compliance with the provisions thereof do not, and the execution and delivery of this Agreement and the other Related Documents to which the Issuer is a party do not and will not violate, in any material respect, any existing law or administrative regulation of the State or of any department, division, agency or instrumentality thereof or of the United States, or any court or administrative regulation, judgment, decree or order to which the Issuer is subject, or conflict with in a material

manner or constitute on the part of the Issuer a material breach of, or a material default under, any material provision of any agreement, indenture, mortgage, lease, note, resolution, agreement or other instrument to which the Issuer is subject or by which it is bound.

*Section 5.06. Litigation.* Except as disclosed in writing to the Bank prior to the Closing Date, no action, suit or proceeding, at law or in equity, or before any court, public board or body is pending (or to the knowledge of the Issuer threatened) against the Issuer or any officers of the Issuer in their respective capacities as such (i) to restrain or enjoin the delivery by the Issuer of the Bonds, or (ii) questioning the authority of the Issuer to adopt the Resolution or to issue, or the issuance or validity of, the Bonds or any other Debt of the Issuer or the execution and delivery by the Issuer of the Related Documents to which it is a party, (iii) questioning the constitutionality of any statute or the validity of any proceedings authorizing the issuance of the Bonds, or the execution and delivery of the Related Documents to which the Issuer is a party, or (iv) questioning the validity or enforceability of the Resolution or either of the Indentures, or (v) questioning in any manner the Issuer's pledge of its full faith, credit and resources or the pledge of the Pledged State Aid Revenues or Pledged Taxes, or (vi) which could materially adversely affect the business, financial condition or results of operations of the Issuer.

*Section 5.07. Security.* Pursuant to the Resolution, principal of and interest on the Bonds constitute general obligations of the Issuer for the payment of which the Issuer has pledged its full faith and credit and for which the Issuer is obligated to levy ad valorem taxes, and shall be paid from the revenue sources identified in the Indenture, and the Bonds and the Obligations shall be secured by Pledged Taxes and Pledged State Aid Revenues as provided in the Indenture. All other Obligations hereunder not constituting principal of and interest on the Bonds shall constitute general obligations of the Issuer payable from legally available funds of the Issuer. The Issuer covenants and agrees to include any amount necessary to pay such Obligations in the proposed annual budget of the Issuer that is submitted to the Chicago Board of Education of the Issuer for final approval.

*Section 5.08. Trust Estate.* The moneys pledged pursuant to the granting clauses of the Indenture for payment of the Bonds have not been, and will not be, pledged by the Issuer to the payment of any other obligations, except as permitted by the Indenture and the Resolution, including the defeasance of the Bonds as permitted by the Indenture.

*Section 5.09. Validity of Lien.* The liens granted under the Indenture on the Trust Estate created thereunder are valid and enforceable liens securing on a senior basis the payment of the principal of and interest on the Bonds and any Parity Bonds.

*Section 5.10. Organization.* The Issuer is a school district organized and existing under the laws of the State of Illinois.

*Section 5.11. Financial Statements.* The most recent audited financial statements of the Issuer delivered to the Bank fairly present the financial position and results of operation of the Issuer as of June 30, 2010, and the financial statements have been prepared in accordance with generally accepted accounting principles as consistently applied to governmental units, except as otherwise noted therein. Except as otherwise disclosed in writing to the Bank, no material

adverse change in the financial position of the Issuer as shown on such financial statements has occurred since June 30, 2010.

*Section 5.12. Absence of Default.* The Issuer is not in default under any material provision of the Resolution, the Indenture or under any other Related Document to which the Issuer is a party. The Issuer is not in default under any material agreements or instruments to the extent such default would have a material adverse effect on the security for the Bonds and the Obligations or the Issuer's ability to make payment with respect thereto.

*Section 5.13. Absence of Pledges.* The proceeds of any Pledged State Aid Revenues or Pledged Taxes pledged pursuant to the Indenture have not been, and will not be, pledged by the Issuer to the payment of any other obligation, other than as provided in the Indenture and the Resolution, including the defeasance of the Bonds as permitted by the Indenture.

*Section 5.14. No Proposed Legal Changes.* Except as disclosed in writing to the Bank, there is no amendment, or to the knowledge of the Issuer, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of Illinois or any published administrative interpretation of the Constitution of the State of Illinois or any State of Illinois law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the Bonds or any owner thereof in his capacity as such or the Bank, or the ability of the Issuer to perform its obligations under this Agreement, the Bond Documents and the other Related Documents to which the Issuer is a party.

*Section 5.15. Tax-Exempt Status of Bonds.* The Issuer has not taken any action and knows of no action that any other Person has taken, which would cause interest on the Bonds to be includable in the gross income of the recipients thereof for Federal income tax purposes.

*Section 5.16. Incorporation of Representations and Warranties.* The Issuer hereby makes to the Bank the same representations and warranties as were made by it in each Related Document to which it is a party, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety.

*Section 5.17. OFAC Sanctions.* The Issuer (i) is in compliance with the requirements of all OFAC Sanctions Programs applicable to the Issuer, (ii) the Issuer has provided to the Bank all information regarding the Issuer requested by the Bank which the Bank deems reasonably necessary for the Bank to comply with all applicable OFAC Sanctions Programs, and (iii) to the best of the Issuer's knowledge, the Issuer is not, as of the date hereof, named on the current OFAC SDN List.

*Section 5.18. Margin Stock.* The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of the Bonds will be used to purchase margin stock or for a purpose which violates, or would be inconsistent with, F.R.B. Regulation U or X. Terms for which meanings are provided in F.R.B. Regulation U or X

or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

## ARTICLE VI

### COVENANTS

*Section 6.01. Affirmative Covenants of the Issuer.* The Issuer covenants to do the following until the full and final payment and satisfaction of all the Obligations, unless the Bank shall otherwise consent in writing:

(a) *Further Assurances.* The Issuer shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Bank, all such instruments and documents as in the reasonable judgment of the Bank are necessary to comply with this Agreement, the Resolution and the other Related Documents.

(b) *Information.* The Issuer will deliver to the Bank, in as many copies as it reasonably shall request in writing, as soon as available, the following documents:

(i) within 210 days after the close of each of its fiscal years, the audited financial statements of the Issuer certified by independent certified public accountants covering the operations of the Issuer for such fiscal year and containing balance sheets, statements of revenues, expenses and changes in retained earnings and statements of cash flows of the Issuer for such fiscal year, all prepared in accordance with generally accepted accounting principles;

(ii) promptly upon filing any information with EMMA, a copy of any information so filed;

(iii) within 45 days of its passage by the Issuer, the Issuer's annual budget appropriation resolution, which shall include the budget;

(iv) upon request of the Bank, any disclosure documents distributed to the public in connection with any public issue of Debt;

(v) at the request of the Bank, in connection with the issuance of additional Parity Bonds, a calculation of the debt service amount required under Section 8.5 of the Indenture, assuming such Parity Bonds are outstanding; and

(vi) from time to time, with reasonable promptness, such additional information regarding the financial condition of the Issuer as the Bank may reasonably request in writing.

(c) *Book and Records; Inspection of Records.* The Issuer shall keep adequate records and books of account, in which complete entries will be made, reflecting all

material financial transactions of the Issuer. Upon the reasonable request of the Bank and during normal business hours, the Issuer will give, at the expense of the Bank (unless an Event of Default has occurred and is continuing, in which case, it will be at the expense of the Issuer), the Bank, or any attorney-in-fact or counsel therefor, access to and permission to examine, copy or make excerpts from, any and all books, records and documents under control of the Issuer and located at the executive office (and not at the separate schools) of the Issuer relating to the financial condition of the Issuer, and to the extent permitted by applicable law, visit, the executive office (and not at the separate schools) of the Issuer to discuss the affairs, finances and accounts of the Issuer with any of the Issuer's financial or executive officers.

(d) *Compliance with Laws.* The Issuer shall comply in all material respects with the School Code and with all laws, resolutions, investment policies, orders, rules and regulations that may be applicable to it if the failure to comply would have a material adverse effect on the security for any of the Bonds, or the Issuer's ability to repay when due its Obligations under this Agreement, any of the Bonds, or any of the Related Documents.

(e) *Notices.* The Issuer will promptly furnish, or cause to be furnished, to the Bank (i) notice of the occurrence of any Event of Default or Default as defined herein, or in the Indenture or any of the other Related Documents, (ii) notice of the failure by the Trustee to perform any of its obligations under the Indenture, (iii) each notice required to be given by the Issuer to the Bank pursuant to the Indenture, (iv) notice of any litigation or administrative proceeding which, if adversely determined, could reasonably be expected to materially adversely affect the security for the Bonds or the ability of the Issuer to pay its Obligations, and (v) such further financial and other information with respect to the Issuer and its affairs as the Bank may reasonably request from time to time.

(f) *Conversions.* (i) The Issuer shall use all reasonable efforts to convert all of the affected Bonds to a rate other than an Index Rate in the event (A) the Bank shall decide not to repurchase the Bond on the Mandatory Tender Date or (B) an Event of Default has occurred and is continuing.

(ii) The Issuer shall not permit a conversion of the interest rate to become effective with respect to less than all of the Bonds, without the prior written consent of the Bank. The Issuer shall provide thirty (30) days prior written notice to the Bank prior to the date of any proposed conversion of the interest rate on the Bonds to a rate other than the Index Rate.

(g) *Maintenance of Approvals; Filings, Etc.* The Issuer shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary under any applicable law or regulation for its execution and delivery of (i) this Agreement and (ii) with respect to the other Related Documents to the extent that failure to do so would have a material adverse effect on the security for the Bonds or the Issuer's ability to pay when due its Obligations under this Agreement and with respect to the Bonds.

(h) *Selection of Bonds for Redemption.* The Issuer shall select, or cause to be selected, for redemption, any and all Unremarketed Bonds prior to selecting or causing to be selected, for redemption any Bonds that are not Unremarketed Bonds.

(i) *Credit Facilities.* In the event that the Issuer shall enter into credit agreement, reimbursement agreement or other agreement or instrument under which, directly or indirectly, any Person undertakes to make or provide funds to make payment of, or to purchase Parity Bonds, or consent to any amendment supplement or other modification to any such agreement, which includes the right to accelerate the payment of the same (including, without limitation, as a result of a separate amortization period specifically with respect to bank-held Parity Bonds) (the foregoing is referred to herein as the “*Incorporated Provision*”), the Incorporated Provision, as well as related defined terms contained therein, is hereby incorporated by reference herein with the same effect as if the Incorporated Provision were set forth herein in its entirety the Issuer shall give prompt written notice of the Incorporated Provision to the Bank. If requested by the Bank, the Issuer further covenants to promptly execute and deliver at its expense an amendment to this Agreement in form and substance satisfactory to the Bank evidencing the amendment of this Agreement to include the Incorporated Provision, *provided* that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this Section 6.01(i), but shall merely be for the convenience of the parties hereto. To the extent that the Incorporated Provision (A) permits any Person or Persons to waive compliance with such provision or (B) requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person or Persons, solely for purposes of this Agreement, the Incorporated Provision shall be complied with hereunder only if (x) it is waived by the Bank or (y) such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory to the Bank, which acceptance or satisfaction shall not be unreasonably withheld or delayed. No amendment to the Incorporated Provision made pursuant to any of the Related Documents or otherwise shall be effective to amend the Incorporated Provision hereunder without the prior written consent of the Bank and the Incorporated Provision shall remain in full force, except to the extent modified, amended or waived by the Bank, whether or not the respective document containing the Incorporated Provision remains in effect, whether or not the original beneficiary of the Incorporated Provision continues to be a creditor of the Issuer or whether such original beneficiary has otherwise lost its rights to enforce the Incorporated Provision.

(j) *Maintenance of Tax-Exempt Status of the Bonds.* The Issuer will not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on any of the Bonds (subject to the inclusion of any exception contained in the opinions of Bond Counsel delivered upon the original issuance of such Bonds) under the Indenture from gross income for purposes of federal income taxation.

(k) *Redemptions.* The Issuer shall cause the Bonds to be redeemed in whole or in part on or prior to their maturity pursuant to Section 3.10(B) of the Indenture such that the then outstanding principal amount of the Bonds shall be reduced in total by not

less than the principal amount set forth on Exhibit B attached hereto by no later than the related date reflected on such Schedule.

(l) *Remarketing of the Bonds.* In the event that the Bank or any other Bondholder, as applicable, on or prior to the sixtieth (60th) day preceding the Mandatory Tender Date has not agreed to hold the Bonds for a subsequent Index Rate Period and, as a result, the Bonds shall be subject to tender on the Mandatory Tender Date, the Issuer shall use best efforts to the cause a remarketing agent to remarket the Bonds to another owner of the Bonds.

(m) *Disclosure to Participants.* The Issuer shall permit the Bank to disclose the financial information received by it pursuant to this Agreement to any participants of the Bank in this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

*Section 6.02. Negative Covenants of the Issuer.* So long as any of the Bonds shall be outstanding or any amounts remain unpaid hereunder:

(a) *Amendments to Related Documents.* The Issuer shall not amend or modify or permit to be amended or modified any of the Related Documents to which it is a party in a manner relating in any way to this Agreement or the Bank or having a material adverse effect on the security or the Bonds or the Issuer's ability to pay its Obligations under the Bonds or hereunder, without the prior written consent of the Bank.

(b) *Trustee.* The Issuer shall not, without the prior written consent of the Bank, such consent not to be unreasonably withheld, delayed or conditioned, appoint or consent to the appointment of a successor Trustee. If the Majority Bondholder fails to respond to any written request for its consent within 10 Business Days, such consent shall be deemed to have been granted.

(c) *Swap Termination Payments.* In no event shall any Lien securing any termination payments pursuant to any Swap Agreement be first in priority to or on a parity with the Lien on the Trust Estate securing the Bonds.

(d) *Federal Reserve Board Regulations.* The Issuer shall not use any portion of the proceeds of the Bonds for the purpose of carrying or purchasing any margin stock and shall not incur any Debt which is to be reduced, retired or purchased by the Issuer out of such proceeds.

(e) *Rating on Debt.* The Issuer shall at all times maintain an unenhanced rating on its long-term Parity Debt from at least one Rating Agency.

*Section 6.03. Compliance with Other Covenants.* From and after the date hereof and so long as this Agreement is in effect or the Bonds or any Obligations are outstanding hereunder, except to the extent compliance in any case or cases is waived in writing by the Bank, the Issuer agrees that it will, for the benefit of the Bank, comply with in all material respects and abide by

all material agreements, covenants, obligations and undertakings contained in each of the Related Documents to which it is a party, including, without limitation, Article VIII of the Indenture, which agreements, covenants, obligations and undertakings, together with the related definitions of terms contained herein, are hereby incorporated by reference with the same effect as if each and every such covenant and definition were set forth herein in its entirety. No termination or amendment to such agreements, covenants, obligations and undertakings or defined terms (or release of the Issuer with respect thereto) made pursuant to each such Related Document, shall be effective to terminate or amend such covenants and agreements and defined terms or release of the Issuer with respect thereto as incorporated by reference herein as of the Closing Date without the prior written consent of the Bank with specific reference to this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

## **ARTICLE VII**

### **DEFAULTS**

*Section 7.01. Events of Default and Remedies.* If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) the Issuer fails to pay, or cause to be paid, when due: (i) any principal of or interest on the Bonds; or (ii) any other Obligation owing to the Bank hereunder and such failure continues for a period of ten (10) Business Days;

(b) any representation, warranty or statement made by the Issuer herein or in any Related Document to which the Issuer is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Issuer (including unaudited financial reports, budgets, projections and cash flows of the Issuer) furnished to the Bank by or on behalf of the Issuer in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Issuer fails to perform or observe any term, covenant or agreement contained in Sections 6.01(c), (d), (e)(i), (e)(iii), (f)(ii), (h), (j) or (k) or 6.02 hereof; or (ii) the Issuer fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 7.01(a) and (c)(i)) and any such failure cannot be cured or, if curable, remains uncured for 30 days after written notice thereof to the Issuer;

(d) the Issuer shall fail to pay when due any principal of or interest on any Parity Bonds;

(e) any material provision of this Agreement or any Related Document shall at any time for any reason cease to be valid and binding on the Issuer or any other party



thereto (other than the Bank) or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by an Authorized Officer of the Issuer or such other party thereto or by any Governmental Authority having jurisdiction, or the Issuer or such other party shall deny that it has any or further liability or obligation under any such document and the occurrence of any such event would have a material adverse effect on the security for the Bonds or the Issuer's ability to pay its obligations under this Agreement or in the Indenture, as determined by the Bank in its reasonable discretion;

(f) any provision of an Indenture or the Resolution relating to the Issuer's ability to pay the Obligations or perform its obligations hereunder or thereunder or the rights and remedies of the Bank, or any Related Document to which the Issuer is a party, or any other material provision thereof shall cease to be in full force or effect, or any Authorized Officer of the Issuer shall deny or disaffirm the Issuer's obligations under an Indenture or any other Related Document to which the Issuer is a party;

(g) One or more final, unappealable judgments against the Issuer not covered by insurance, or attachments against the property of the Issuer, the operation or result of which, individually or in the aggregate, equals or exceeds \$10,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days;

(h) (i) a debt moratorium, debt adjustment or comparable restriction is imposed by a Governmental Authority or court of competent jurisdiction on the repayment when due and payable of the principal of or interest on any debts of the Issuer; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Issuer seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Issuer seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Issuer's property, or the Issuer shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Issuer any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismissed for a period of 60 days; (v) there shall be commenced against the Issuer any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; (vi) the Issuer takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Issuer shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(i) any of Fitch, Moody's or S&P (so long as such Rating Agencies otherwise maintain ratings on the Issuer's Debt) shall have downgraded its rating of any unenhanced Debt of the Issuer to below "BBB" (or its equivalent), "Baa2" (or its equivalent), or "BBB" (or its equivalent), respectively, or suspended or withdrawn its

rating of the same for reasons relating to the credit quality of the Issuer or otherwise due to the failure of the Issuer to comply with such Rating Agency's notice or information requirements.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Bank may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) if any Event of Default shall occur the Obligations shall immediately bear interest at the Default Rate;

(b) If any Event of Default shall occur and be continuing, the Bank may:

(i) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Bank in the Related Documents;

(ii) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Bank shall have no obligation to effect such a cure; and

(iii) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

*Section 7.03. Remedies Cumulative; Solely for the Benefit of Bank.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Bank in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Bank, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Bank specified herein are for the sole and exclusive benefit, use and protection of the Bank, and the Bank is entitled, but shall have no duty or obligation to the Issuer, the Trustee or any other Person or otherwise, to exercise or to refrain

from exercising any right or remedy reserved to the Bank hereunder or under any of the other Related Documents.

*Section 7.04. Waivers or Omissions.* No delay or omission by the Bank in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Bank or to be acquiescence therein. No express or implied waiver by the Bank of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 7.05. Discontinuance of Proceedings.* In case the Bank shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Bank shall have the unqualified right so to do and, in such event, the Issuer and the Bank shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Bank hereunder shall continue as if the same had never been invoked.

## ARTICLE VIII

### INDEMNIFICATION

*Section 8.01. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Bondholder and its officers, directors and agents (each, an “*Indemnatee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Bonds; and (c) the use of the proceeds of the Bonds; *provided* that the Issuer shall not be required to indemnify an Indemnatee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee. If any proceeding shall be brought or threatened against an Indemnatee by reason of or in connection with the events described in clause (a), (b) or (c) as a condition of indemnity hereunder each Indemnatee shall promptly notify the Issuer in writing and the Issuer shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnatee and the payment of all reasonable costs of litigation. Notwithstanding the preceding sentence, each Indemnatee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnatee unless (i) the employment of such counsel shall have been authorized in writing by the Issuer, or (ii) the Issuer, after due notice of the action, shall not have employed counsel reasonably satisfactory to such Indemnatee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnatee shall be borne by the Issuer. The Issuer shall not be liable for any settlement of any such action effected without its consent. Nothing under this Section 8.01 is intended to limit the Issuer’s payment of the Obligations.

*Section 8.02. Survival.* The obligations of the Issuer under this Article VIII shall survive the payment of the Bonds and the termination of this Agreement.

## **ARTICLE IX**

### **MISCELLANEOUS**

*Section 9.01. Compliance with OFAC Sanctions Programs.*

(a) The Issuer shall at all times comply with the requirements of all OFAC Sanctions Programs applicable to the Issuer.

(b) The Issuer shall provide the Bank any information regarding the Issuer requested by the Bank that the Bank deems reasonably necessary for the Bank to comply with all applicable OFAC Sanctions Programs.

(c) If the Issuer obtains actual knowledge or receives any written notice that the Issuer is named on the then current OFAC SDN List (such occurrence, an “*OFAC Event*”), the Issuer shall promptly (i) give written notice to the Bank of such OFAC Event, and (ii) comply with all applicable laws with respect to such OFAC Event, including the OFAC Sanctions Programs, and the Issuer hereby authorizes and consents to the Bank taking any and all steps the Bank deems necessary, in its sole but reasonable discretion, to avoid violation of all applicable laws with respect to any such OFAC Event, including the requirements of the OFAC Sanctions Programs.

*Section 9.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank, the Issuer will, at the Issuer’s expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. Upon any failure by the Issuer to do so, the Bank or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby authorizes the Bank and the Trustee to do so. In addition, at any time, and from time to time, upon request by the Bank or the Trustee, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank or the Trustee, be necessary or desirable in order to verify the Issuer’s identity and background in a manner satisfactory to the Bank or the Trustee, as the case may be.

*Section 9.03. Amendments and Waivers; Enforcement.* The Bank and the Issuer may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Bank or the Issuer hereunder or thereunder, and the Bank may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Issuer hereunder or thereunder. Any such

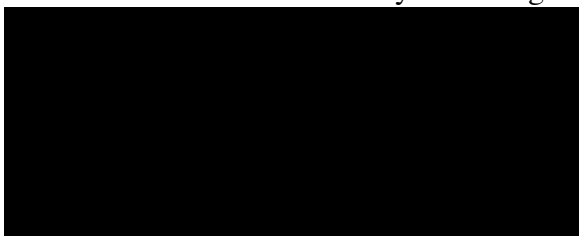
agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 9.04. No Implied Waiver; Cumulative Remedies.* No course of dealing and no delay or failure of the Bank in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Bank under this Agreement are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have under any Related Document, at law or in equity.

*Section 9.05. Notices.* All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

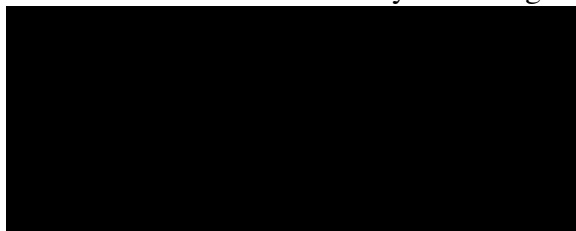
The Issuer:

Board of Education of the City of Chicago



With a copy to:

Board of Education of the City of Chicago



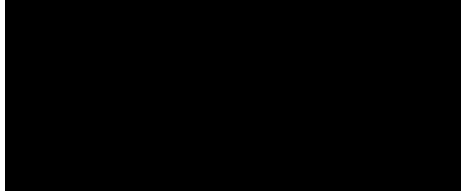
The Bank:

PNC Bank, National Association



The Trustee:

Amalgamated Bank of Chicago



The Bank may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 9.06. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 9.07. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 9.08. Governing Law; Consent to Jurisdiction and Venue; Service of Process.*  
(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF ILLINOIS AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE NORTHERN DISTRICT OF THE STATE OF ILLINOIS. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF ILLINOIS AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF ILLINOIS OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS

NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

(d) The covenants and waivers made pursuant to this Section 9.08 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 9.09. Sovereign Immunity.* For purposes of this section, the following provisions do not constitute a waiver of the Issuer's sovereign immunity with respect to jurisdiction, procedures and remedies. The Issuer agrees that it is and shall be subject to claims, suits and legal process in connection with this Agreement and the other Related Documents and the transactions contemplated hereby and thereby, and the Issuer further agrees, to the extent permitted by law, not to assert the defense of sovereign immunity in any proceeding by the Bank to enforce any of the payment obligations of the Issuer with respect to this Agreement and the other Related Documents and the transactions contemplated hereby and thereby.

*Section 9.10. Prior Understandings.* This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 9.11. Duration.* All representations and warranties of the Issuer contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents, any investigation by the Issuer. All covenants and agreements of the Issuer contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

*Section 9.12. Counterparts.* This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

*Section 9.13. Successors and Assigns.*

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part,

this Agreement, its interest in the Bonds and the Related Documents in accordance with paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. PNC Bank, National Association shall be the Bank hereunder until such time as the Majority Bondholder (which may be one or more Bondholders) designates an alternate Person to serve as the Bank hereunder by delivery of written notice to the Issuer and the Trustee and such Person accepts and agrees to act as the Bank hereunder and under the Related Documents. The Majority Bondholder may so designate an alternate Person to act as the Bank from time to time. Upon acceptance and notification thereof to the Issuer and the Trustee, the successor to the Bank for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bank, and PNC Bank, National Association or any other Person being replaced as the Bank shall be discharged from its duties and obligations as the Bank hereunder.

(b) *Assignments by Bank to a Bank Transferee.* Without limitation of the foregoing generality, the Bank may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) a Bank Affiliate, (ii) a trust or other custodial arrangement established by the Bank or a Bank Affiliate, the owners of any beneficial interest in which have delivered to the Issuer, the Trustee and the Bank, an investment letter in substantially the form attached as Exhibit D to the Indenture (an “*Investor Letter*”) (each, a “*Bank Transferee*”). From and after the date of such sale or transfer, PNC Bank, National Association (and its successors) (“*PNC Bank*”) shall continue to have all of the rights of the Bank hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Bank hereunder, (B) the Issuer and the Trustee shall be required to deal only with the Bank with respect to any matters under this Agreement (C) no such transferee shall be entitled to receive payments of amounts pursuant to Section 3.02(a) hereof in excess of amounts that PNC Bank would have been entitled to receive thereunder, and (D) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Bank shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Assignments by Bondholder to a Non-Bank Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Bank Transferees (each a “*Non-Bank Transferee*”) all or a portion of the Bonds if (i) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-Bank Transferee, shall have been given to the Issuer, the Trustee and the Bank (if different than the Bondholder) by such selling Bondholder and Transferee, (ii) the Non-Bank Transferee is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “*1933 Act*”) or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act or an Accredited Investor, and (iii) the Non-Bank Transferee shall have delivered to the Issuer, the Trustee and the Bondholder, an Investor Letter. The Issuer shall cause the Trustee to maintain a registration book which identifies the holders of the Bonds and the principal amount held by each Bondholder from time to time.



From and after the date the Issuer, the Trustee and the Bank have received an executed Investor Letter, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents. Any Bondholder seeking to transfer its Bond pursuant to this Section 9.13(c), who wishes to transfer such Bond in a manner so that the transferee Bondholder is entitled to the benefits of Section 3.02(a) hereof, shall request the prior written consent of the Issuer for the proposed transferee. If the Issuer consents to such transferee, the transferee shall be entitled to all rights of the Bank or any Bondholder hereunder, including without limitation, the right to receive payment pursuant to Section 3.02(a) hereof. If the Issuer is not asked for its consent, or refuses to grant its consent for such transferee the Bondholder may still transfer the Bonds to such transferee, but such transferee shall not have the right to receive payment pursuant to Section 3.02(a) hereof. The Issuer shall use its best efforts to promptly respond to any such request, and in any event will respond to such request by the later of (i) 30 days following such request, or (ii) the Business Day after the date of the next succeeding meeting of the Issuer following the date of such request.

(d) *Participations.* The Bank shall have the right to grant participations in all or a portion of the Bank's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Bank hereunder and (ii) the Issuer and the Trustee shall be required to deal only with the Bank, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer.

(e) *Certain Pledges.* The Bank may at any time pledge or grant a security interest in all or any portion of its rights under the Bonds, this Agreement and the Related Documents to secure obligations of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

(f) *Initial Index Rate Period.* Absent the occurrence of a Default or an Event of Default hereunder, the Bank agrees not to transfer or assign all or a portion of the Bonds to a Non-Bank Transferee during the Initial Index Rate Period.

*Section 9.14. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 9.15. Electronic Signatures.* The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PNC BANK, NATIONAL ASSOCIATION

By



BOARD OF EDUCATION OF THE CITY OF CHICAGO

By \_\_\_\_\_

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

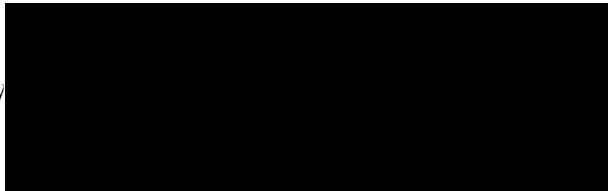
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PNC BANK, NATIONAL ASSOCIATION

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

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By 

## EXHIBIT A

### BOND AMORTIZATION

AMORTIZATION DATE (MARCH 1)	PRINCIPAL AMOUNT
2014	1,800,000
2015	2,000,000
2016	2,300,000
2017	2,600,000
2018	2,800,000
2019	3,700,000
2020	4,300,000
2021	4,500,000
2022	4,800,000
2023	5,100,000
2024	5,400,000
2025	5,700,000
2026	6,000,000
2027	6,400,000
2028	6,800,000
2029	7,200,000
2030	7,600,000
2031	8,100,000
2032	7,900,000 (MATURITY)

\*Maturity