



MANAGER'S MEMO ITEM

ITEM: Industrial Development Bond – incentive request Avery Coonley School
WORKSHOP DATE: December, 2004
PREPARED BY: David Van Vooren, Deputy Village Manager
BID AMOUNT: \$ _____ **ACCOUNT:** _____
BUDGET AMOUNT: \$ _____

PURPOSE: To provide assistance through the use of the Village’s ability to issue IRB’s to assist Avery Coonley School in expansion of their facility

BACKGROUND:

The Village has been approached by Avery Coonley School to investigate the possibility of using Industrial Revenue bond financing to assist in an expansion of the school located in Downers Grove. This is not a new request, in 1992 the Village used IRB’s as a means to assist Avery Coonley School with a \$2,500,000 bond issue which at that time financed the 29,000 square foot expansion of the school. The school is again seeking to expand their facility with the addition of approximately 15,000 square feet and complete some needed classroom renovations and technology upgrades.

The School is seeking the use of the IRB’s to take advantage of the tax-exempt status the bonds would have thereby lowering their overall interest cost. The School further seeks to have these bonds bank qualified, which means that banks and qualified savings and loans could purchase said bonds and receive the tax incentives. Under section 265(b) (3) of the IRS code of 1986 the Village of Downers Grove qualifies as a small issuer of tax exempt bonds as long as the annual total of debt sold is 10 million dollars or less. As of 2004 the Village has not initiated any new debt financings and has available its total 10 million dollar capacity.

DISCUSSION OF ALTERNATIVES :

The EDC’s attraction/retention subcommittee has reviewed this request and feels that it meets with the intent of the economic policies of the Village and does support this project. The subcommittee does however have concerns regarding the use of the bank qualified capacity and recommends that if possible this financing arrangement be completed in 2004. This provides little time for consideration of this request but being so close to the end of the calendar year offers only a slight risk to the Village of other projects that may require said qualification. If for some reason the deal could not be completed in 2004 re-consideration should be given to using 40% of the bank qualified cap early in 2005 without knowing if there would be a more attractive economic development project to support.

The cost for the Village to complete this transaction would be centered around reviewing of the necessary legal documents that would be provide by appropriate outside counsel and providing the time at council meetings and workshops to review the request. The School is not objecting to a review fee in conjunction with the project but in the past the Village hasn’t required said fees for our own economic projects.

REFERENCE CHECKS :

None were required

BUDGET IMPLICATIONS:

BID AMOUNT: \$ _____	ACCOUNT: _____
BUDGET AMOUNT: \$ _____	

As mentioned above the only cost to be incurred by the Village would be the review time for staff.

ATTACHMENTS:

Avery Coonley School letter
Authorization Ordinance

STAFF RECOMMENDATION:

EDC and staff recommend that the Village proceed with the issuing of Industrial Revenue Bonds for Avery Coonley School to assist in the expansion of the Downers Grove school.

REQUESTED COURSE OF ACTION:

Review and approve the necessary ordinances to complete the financial transaction.



The Avery Coonley School

1400 Maple Avenue, Downers Grove, Illinois 60515-4828
630-969-0800 / FAX 630-969-0131 / www.theaverycoonley.org

Thomas A. Kracht
Head of School

November 22, 2004

Mr. David Van Vooren
Deputy Village Manager
Village of Downers Grove
801 Burlington Ave
Downers Grove, IL 60515

VIA FACSIMILE: 630-434-5571

Dear Mr. Van Vooren:

Enclosed is The Avery Coonley School's application to have industrial revenue bonds issued on our behalf. I will also send the application via regular mail. Please let me know if you have any questions regarding this request.

Thank you for your assistance in this matter.

Sincerely,

Mary Kay Markunas
Business Manager



The Avery Coonley School

1400 Maple Avenue, Downers Grove, Illinois 60515-4628
630-969-0800 / FAX 630-969-0131 / www.averycoonley.org

Thomas A. Kracht
Head of School

**Village of Downers Grove Economic Development Commission
Economic Assistance Request**

Project Description

The Avery Coonley School is an independent school providing a learning environment appropriate for academically bright and gifted children, preschool through eighth grade. The school was established in 1906 by Mrs. Avery Coonley, and moved to its present location at 1400 Maple Avenue in Downers Grove in 1929. The current facility was originally built in 1929 and has been expanded twice, once in 1982 and again in 1992. The school is currently considering another expansion to create additional classroom space, new science laboratory classrooms, and modification of the current lunchroom. This new space will allow us to provide a full day Senior Kindergarten program by creating space for our Junior Kindergarten program.

The new addition being considered is an approximately 15,000 square foot space added to the northern end of the building. This addition would house 9 – 10 classrooms and small conference rooms. This new space will allow us to shift classroom space out of the existing building and thereby create space for additional conference rooms and multi-purpose space within the existing structure. This addition will also allow us to increase the enrollment in the school by at least 10 students. These additional students may come from communities outside Downers Grove, and their families may shop or use other amenities within the village. The school currently has a program whereby individuals and groups not affiliated with the school can rent various spaces within the building. The new conference space and multi-purpose space will be added to the inventory of available rental spaces.

Financial Need

The Avery Coonley School is a 501(c) Not-for-Profit Corporation, and is tax-exempt. The School is requesting the ability to use Industrial Revenue Bonds as a financing vehicle so the School may take advantage of the tax-exempt interest rate on our credit facility. The school currently has a \$4.6 million dollar budget. The revenues are primarily from tuition, program fees, and fundraising.

Economic Enhancement

The proposed addition will allow for the School to offer a full day Senior Kindergarten and two sessions of Junior Kindergarten. This represents an increase of one session of Junior Kindergarten, and an additional ten students to the school population. The School currently has fifty-three full and part-time employees, and will need to add three teachers to the faculty. It is expected these teachers will have starting salaries of under \$50,000

Commitment Letter

See attached commitment letter from The Northern Trust Company.

Timeline

The project is projected to go to bid in late January or early February. The construction should start in early March with completion expected in October or November of 2005.

The Northern Trust Company
4 North Washington Street
Hinsdale, Illinois 60521
(630) 323-2727



Northern Trust

November 15, 2004

Ms. Catherine Slark
Ms. Maureen Fear
Mr. Thomas A. Kracht
The Avery Coonley School
1400 Maple Avenue
Downers Grove, IL 60515-4828

Dear Catherine, Maureen, & Tom:

We appreciate the opportunity to provide The Avery Coonley School (ACS) with the following credit commitment. The commitment to extend this credit facility will be subject to the terms and conditions set forth in this letter.

Construction Project for The Avery Coonley School

Obligor:	The Avery Coonley School
Purpose:	Renovation and expansion of the school
Loan Amount:	\$4,000,000
Maturity:	10 years from funding
Interest Rate:	70% of The Northern Match Cost Rate plus 120 basis points at funding Current Indication Rate: 4.9%
Repayment:	First two years interest only; 20-year mortgage style amortization thereafter with a balloon payment due at maturity.
Collateral:	Unsecured
Fees:	All document costs and other costs incurred by Northern Trust, required by the transaction whether or not the loans close will be for the account of the Obligor.
Prepayment:	The loan can be prepaid at any time without penalty.
Subject To:	ACS issuing bank qualified tax exempt debt through a qualified municipality.



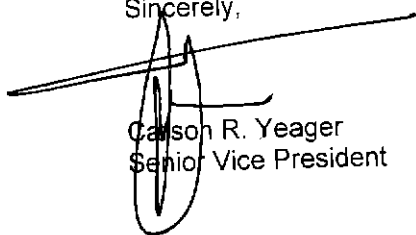
Northern Trust

Covenants/ Reporting

- o Audited financial statements to be submitted annually
- o School will preserve tax exempt status under 501C 3.
- o ACS will maintain an unrestricted reserve fund of 2.0x annual debt service.
- o The annual net change in unrestricted fund balances (plus depreciation and interest) minus annual debt service will not exceed a \$125,000 deficit.
- o School will maintain enrollment of 340 students in 2004-2005 and 350 students beginning in 2006-2007, measured at the beginning of the school year. School will have the right within 30 days of not maintaining such enrollment to demonstrate that the previous covenant will still be met.
- o The annual net change in unrestricted fund balances (plus depreciation and interest) minus annual debt service will not be a deficit for more than two consecutive years.
- o ACS will not borrow more than \$250,000 without the reasonable consent of the Bank.
- o School will maintain a depository relationship with the Bank.
- o ACS will carry adequate hazard and liability insurance.
- o School will not encumber or sell its real estate assets during the term of the financing without the reasonable consent of the Bank.

Thank you again for choosing Northern Trust as a partner in facilitating this project with The Avery Coonley School. We are looking forward to working with you!

Sincerely,



Carlson R. Yeager
Senior Vice President

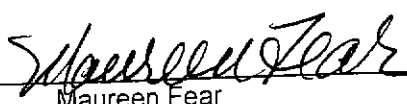


Patricia A. Novel
Vice President

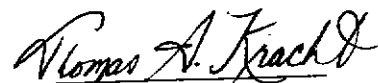
ACCEPTED AND AGREED TO THIS _____ DAY OF _____, 2004.



Catherine Slark



Maureen Fear



Thomas A. Kracht

Cc: Mary Kay Markunas
Business Manager

Village of Downers Grove Economic Development Commission
Economic Assistance Request

CONTACT FORM

Please submit this completed form, (you may also submit a separate sheet, but it must address the information requested below) the \$500 application fee made payable to the Village of Downers Grove, and the written proposal responding to the Pre-Qualification questions and supporting documentation to the Economic Development Commission, c/o Department of Planning and Community Development, 801 Burlington Avenue, Downers Grove, Illinois 60515.

Proposed business/project information

Date November 19, 2004

Business/project name The Avery Coonley School Addition

Business/project type (brief description) The Avery Coonley School is an independent school for children ages pre-school to grade eight. The School would like to add an additional 15,000 sf of classroom space to the north end of our current facility.

Business/project address (include city, state, zip) 1400 Maple Ave. Downers Grove, IL 60515

Contact address (q same as above) same as above

Phone: 630-969-0800

Fax: 630-969-0131

Web Address www.averycoonley.org

The business/project is a main/headquarters location?

Yes

No

Year business established 1906 and moved to present location in 1929

Number employed currently 53

Expected number of employed after project 56

I currently lease own the business/project location

If lease, indicate type (e.g., triple net) and duration

I am a sole proprietor partner in the business/project

major partners/stake holder are (indicate percent share)

The Avery Coonley School is a 501(c) Not-for-Profit corporation

The value of the project is \$ \$4,000,000.00

I am prepared to fund \$ _____ of the project value

I have secured \$ _____ of other funding of the project value

I am requesting \$4M in Industrial Revenue Bonds to finance the project toward the project value

I'll have the project complete by November 2005

I am considering other communities for the business/project including: N/A

VILLAGE USE ONLY

Application fee received

Application complete

Date Complete
application received

ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR THE FINANCING OF THE RENOVATION, EXPANSION AND EQUIPPING OF A BUILDING AND THE REFINANCING OF EXISTING DEBT; AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF REVENUE BONDS (THE AVERY COONLEY SCHOOL PROJECT), SERIES 2004; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSIGNMENT AND AGREEMENT; CONFIRMING SALE OF SAID BONDS TO THE PURCHASER THEREOF; AND RELATED MATTERS.

WHEREAS, the Village of Downers Grove, Illinois (the "Issuer") is a municipal corporation and a home rule unit of local government and is authorized and empowered by the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the Downers Grove Revenue Bond Ordinance constituting Chapter 27 of the Downers Grove Municipal Code (the "Act") to finance or refinance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of any economic development project in order to encourage economic development of the Issuer; and

WHEREAS, The Avery Coonley School, an Illinois not-for-profit corporation (the "Borrower") has requested that the Issuer issue its revenue bonds to provide for (i) the financing of a loan to finance or reimburse the Borrower for the cost of renovation, expansion and equipping of a portion of the educational facility of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois (the "Project"), (ii) the refinancing of the Issuer's Economic Development Revenue Bonds, Series 1992 (Avery Coonley School Project) previously issued for the benefit of the Borrower (the "Prior Bonds") and (iii) the payment of a portion of the costs of issuance of the Bonds; and

WHEREAS, the Project will be of the character and will accomplish the purposes provided by the Act; and the Issuer is willing to issue its revenue bonds to finance the Project and refinance

the Prior Bonds, all as set forth in the details and provisions of a Loan Agreement dated as of December 1, 2004 by and between the Issuer and the Borrower (the "Loan Agreement"); and

WHEREAS, it is estimated that the costs of the Project and the refinancing of the Prior Bonds, including costs relating to the costs of issuance of the revenue bonds herein authorized, will not exceed \$4,000,000; and

WHEREAS, the Issuer proposes to sell the revenue bonds hereinafter authorized and designated "Revenue Bonds (Avery Coonley School Project), Series 2004" (the "Bonds") upon a negotiated basis with The Northern Trust Company (the "Bank") pursuant to a Bond Purchase Agreement dated as of December ___, 2004, by and among the Issuer, the Borrower and the Bank (the "Bond Purchase Agreement"); and

WHEREAS, Notice of a Public Hearing was published in the *Downers Grove Reporter* on December 3, 2004; and

WHEREAS, the Issuer held a Public Hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, on December 21, 2004 and hereby approves the issuance of the Bonds;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND VILLAGE COUNSEL OF THE VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS, AS FOLLOWS:

DEFINITIONS

Section 1. The following words and terms as used in this Ordinance shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means the Downers Grove Revenue Bond Ordinance constituting Chapter 27 of the Downers Grove Municipal Code, as supplemented and amended.

"Assignment" means the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer and the Bank.

"Bank" means The Northern Trust Company, and its successors and assigns.

"Bonds" means the Bonds authorized to be issued hereunder.

"Bond Fund" means the Village of Downers Grove, Illinois Bond Fund (Avery Coonley School Project), Series 2004, created in Section 7 hereof.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated as of December ____, 2004, among the Issuer, the Borrower and the Bank.

"Bond Ordinance" or "Ordinance" means this Ordinance.

"Borrower" means The Avery Coonley School, an Illinois not-for-profit corporation, and its successors and assigns.

"Building" means collectively the buildings, structures and all other related facilities thereto forming a part of the Project, which are located on the Project Site (as hereinafter defined), as they may at any time exist, including any air conditioning and heating systems and any building equipment or machinery (which shall be deemed fixtures).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Default" means those defaults, exclusive of any period of grace, specified and defined in Section 11 hereof.

"Determination of Taxability" means the definition stated in Section 6.5 of the Loan Agreement.

"Event of Default" means those events specified and defined in Section 11 hereof.

"Initial Rate Adjustment Date" means December 1, 2014.

"Interest Rate" means the rate of interest per annum on the Bonds established in the manner set forth in Section 3 hereof and adjusted on each Rate Adjustment Date.

"Issuer" means the Village of Downers Grove, DuPage County, Illinois, and its successors and assigns.

"Loan Agreement" means the Loan Agreement dated as of December 1, 2004, by and between the Issuer and the Borrower, as supplemented and amended.

"Maturity Date" means December 1, 2024.

"Note" means the promissory note of the Borrower issued pursuant to Section 3.1 of the Loan Agreement.

"Optional Redemption" means optional prepayment by the Borrower of the Bonds at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest permitted on January 1, 2010 and on any date thereafter.

"Person" means natural persons, partnerships, associations, limited liability companies, corporations and public bodies.

"Prior Bonds" means the Issuer's Economic Development Revenue Bonds, Series 1992 (Avery Coonley School Project).

"Project" means the renovation, expansion and equipping of a portion of the educational facility of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois.

"Project Site" means the real property of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois, together with all additions thereto and substitutions therefor. The Building is located on the Project Site.

"Rate Adjustment Date" means December 1, 2014 and December 1, 2019.

"Taxable Rate" means the rate per annum equal to the Interest Rate multiplied by

_____.

"The Northern Match Cost Rate" means the Bank's internal cost of funds determined by the Bank on a daily basis.

AUTHORIZATION OF THE PROJECT

Section 2. In order to relieve the conditions of unemployment and to encourage the increase of economic development, the Project shall be and is hereby authorized to be financed as described herein. It is hereby found and declared that the financing of the Project and the use thereof by the Borrower and the refinancing of the Prior Bonds as hereinafter provided is necessary to accomplish the public purposes described in the preamble hereto and in the Act.

AUTHORIZATION AND PREPAYMENT OF BONDS

Section 3. For the purpose of financing the cost of said Project and the refinancing of the Prior Bonds there shall be and there is hereby authorized to be issued by the Issuer its Revenue Bonds (Avery Coonley School Project), Series 2004. The Bonds shall be issued in an aggregate amount not to exceed \$4,000,000 and shall be dated the date of issuance thereof.

The Issuer determines to currently refund and call for redemption on January 1, 2005 all of the Prior Bonds at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption. The Mayor and the other officers and officials of the Issuer are authorized and directed to do, or cause to be done, all things necessary to accomplish the foregoing.

For the period from the date of issuance of the Bonds until the Initial Rate Adjustment Date, interest on the Bonds will accrue at the Interest Rate from the date of issuance to, but not including, December 1, 2014. If the Interest Rate is reset by the Bank on December 1, 2014, interest on the Bonds will accrue at the Interest Rate from December 1, 2014 to, but not including, December 1, 2019. If the Interest Rate is reset by the Bank on December 1, 2019, interest on the Bonds will accrue at the Interest Rate from December 1, 2019 to, but not including, December 1, 2024.

The "Interest Rate" is the rate per annum equal to 70% of the sum of The Northern Match Cost Rate plus 120 basis points on the date the Interest Rate is determined. "The Northern Match

Cost Rate" is the Bank's internal cost of funds determined by the Bank on a daily basis. The Interest Rate will be determined on the date of issuance of the Bonds and on each Rate Adjustment Date.

Interest on the unpaid principal of the Bonds shall be payable monthly on the first day of each month commencing on February 1, 2005. Interest on the Bonds shall be computed on the basis of the actual number of days elapsed in a 360-day year. Principal on the Bonds will be payable monthly on the first day of each month commencing on February 1, 2007 to and including the Maturity Date. For the period from the date of issuance to the Initial Rate Adjustment Date, principal and interest will be payable in accordance with the amounts as provided in Schedule I attached to the Bonds (the "Financing Schedule"). The Financing Schedule reflecting payments of interest and principal shall be adjusted on each Rate Adjustment Date by the Bank to provide for level debt service and such revised Financing Schedule shall be delivered by the Bank to the Borrower and the Issuer on each such Rate Adjustment Date.

Provided however that following a Determination of Taxability, as defined in Section 6.5 of the Loan Agreement, the interest rate payable on the Bonds shall be increased to be a rate equal to the Taxable Rate. In addition, there shall be due and payable within 30 days following a Determination of Taxability in respect of interest on the Bonds, an amount equal to the sum of (i) the amount of interest which would have been payable on the Bonds at the Taxable Rate from the Effective Date of Taxability, as defined in Section 6.5 of the Loan Agreement, to the Determination of Taxability (the "Inclusion Period") less the amount of interest actually paid during the Inclusion Period, plus (ii) any penalties in respect of Federal income taxes thereon which any and all holders of the Bonds during such Inclusion Period have incurred or estimate that they will incur by reason of such Determination of Taxability with respect to their current and past tax years.

If a change of law occurs which reduces any deduction, credit or other allowance available to the Bank with respect to the Bonds or imposes any tax upon the Bank as owner of the Bonds or

increases the cost to the Bank of owning the Bonds or reduces the net after-tax yield on the Bonds to the Bank, the Borrower shall pay the Bank an amount which, on an after-tax basis, equals the tax or other cost arising because of the change of law.

The Bonds shall bear interest on any overdue principal and interest at the Interest Rate plus two percent (2%) per annum.

Any moneys remaining in the Construction Fund after completion of the Project shall be applied to the prepayment of the Bonds at a price equal to 100% of the principal amount thereof, plus accrued interest to the date of such payment as provided in Section 4.2 of the Loan Agreement. The Bonds shall also be subject to optional prepayment by the Borrower in whole or in part at 100% of the principal amount thereof to be redeemed, together with accrued and unpaid interest on January 1, 2010 and on any date thereafter. The Bank shall also be able to cause the prepayment of the Bonds in whole in the event of a Determination of Taxability, as provided in Section 4.2 of the Loan Agreement. Such prepayment shall be at 100% of the principal amount of the Bonds, together with accrued and unpaid interest on the Bonds. The Financing Schedule reflecting payments of interest and principal shall be adjusted on each date of any prepayment by the Bank to provide for level debt service and such revised Financing Schedule shall be delivered by the Bank to the Borrower and the Issuer on each such date of any prepayment.

Each Rate Adjustment Date may also be a mandatory put date at the option of the Bank (each such date a "Mandatory Put Date"). Not less than 270 days prior to a Rate Adjustment Date, the Borrower must give notice to the Bank of its intent to keep the Bonds outstanding until the next subsequent Rate Adjustment Date (or the Maturity Date in the case of the final Rate Adjustment Date). If the Borrower delivers the notice described in the preceding sentence to the Bank, the Bank shall provide notice not less than 180 days prior to the Rate Adjustment Date whether such Rate Adjustment Date shall be a Mandatory Put Date. If the Bank declares such date a Mandatory Put

Date, that portion of the Bonds subject to the put shall be payable on the Mandatory Put Date at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the Mandatory Put Date. Notwithstanding the foregoing, if the Borrower fails to provide the notice of intent to keep the Bonds outstanding until the next Rate Adjustment Date and/or the Bank does not provide a notice to the Borrower that the Rate Adjustment Date shall be a Mandatory Put Date, there shall be a presumption that the Bonds shall be payable on the Mandatory Put Date.

All principal installments of the Bonds or portion thereof designated for prepayment will cease to bear interest on the specified prepayment date, provided funds for their prepayment are on deposit at the place of payment at that time.

The principal of, premium, if any, and interest on the Bonds shall be payable to the order of the Bank, or its assigns in lawful money of the United States of America in immediately available funds at the address of the Bank as shown on the registration books of the Issuer kept for that purpose by the Bank. Upon request of the Borrower or the Issuer, the Bonds shall be available for inspection by the Borrower or the Issuer at the offices of the Bank. The Bonds are not transferable without the written consent of the Borrower, and only after that time shall the Bonds be transferable upon presentation to the Bank, as Registrar, with a written transfer duly acknowledged by the registered holder or his attorney and such transfer shall not be effective until it is noted upon the Bonds and upon the registration books of the Issuer kept for that purpose by the Bank and is in compliance with all provisions of Section 149(a) of the Code and the regulations promulgated thereunder or proposed regulations published in the Federal Register. The Bank is hereby appointed as Registrar for purposes of bond registration. The Bonds shall be signed by the Mayor, in original or facsimile signature, and attested by the Village Clerk, in original or facsimile signature, and the corporate seal of the Issuer shall be affixed thereto or otherwise reproduced thereon.

The Bonds, together with premium, if any, and interest thereon, shall be a limited obligation of the Issuer secured by the Loan Agreement, the Note and the Assignment and payable solely from the receipts derived from the Loan Agreement, the Note and other collateral expressly given as direct collateral for the Bonds or given to secure the Bonds by way of cross collateralization and shall be a valid claim of the Bank only against the Bond Fund and other moneys held by the Bank pursuant to, and the receipts derived from, the Loan Agreement and the Note, which receipts shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized. The Bonds and the obligation to pay premium, if any, and interest thereon does not now and shall never constitute an indebtedness, a loan of credit or an obligation of the Issuer, the State of Illinois or any political subdivision thereof, or a charge against their credit or general taxing powers, within the meaning of any constitutional or statutory provisions of the State of Illinois, but is a special limited obligation of the Issuer and shall be secured by the Loan Agreement and the Note and payable solely from the receipts from the Loan Agreement and the Note.

No recourse shall be had for the payment of the principal of and interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Ordinance or the Loan Agreement against any past, present or future officer, commissioner, member, agent, employee or trustee of the Issuer, or any officer, commissioner, member, agent, employee or trustee of any successor, as such, either directly or through the Issuer or any successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, commissioner, member, agent, employee or trustee as such shall be expressly waived and released as a condition of and consideration for the execution of this Ordinance, the Loan Agreement, the Assignment, the Bond Purchase Agreement and the issuance of the Bonds.

BOND FORM

Section 4. The Bonds shall be in substantially the following form:

THIS BOND MAY BE TRANSFERRED ONLY AS A WHOLE

UNITED STATES OF AMERICA

STATE OF ILLINOIS

VILLAGE OF DOWNERS GROVE

REVENUE BOND

(THE AVERY COONLEY SCHOOL PROJECT), SERIES 2004

Maturity Date: December 1, 2024

\$4,000,000

The Village of Downers Grove, DuPage County, Illinois, a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois (the "Issuer"), for value received promises to pay solely and only from the source and as hereinafter provided, to the order of The Northern Trust Company (the "Bank"), or its assigns, the principal sum of FOUR MILLION AND 00/100 DOLLARS (\$4,000,000) payable with respect to principal and interest in accordance with Schedule I attached hereto (the "Financing Schedule"), as such Financing Schedule shall be adjusted as described herein. Interest on the Bond will accrue from the date of issuance to, but not including, December 1, 2014 (the "Initial Rate Adjustment Date"), at a rate equal to ___% per annum. If the Interest Rate is reset by the Bank on December 1, 2014, interest on the Bonds will accrue at the Interest Rate from December 1, 2014 to, but not including, December 1, 2019. If the Interest Rate is reset by the Bank on December 1, 2019, interest on the Bonds will accrue at the Interest Rate from December 1, 2019 to, but not including, December 1, 2024.

The "Interest Rate" is the rate per annum equal to 70% of the sum of The Northern Match Cost Rate plus 120 basis points on the date the Interest Rate is determined. "The Northern Match Cost Rate" is the Bank's internal cost of funds determined by the Bank on a daily basis. The Interest Rate will be determined on the date of issuance of the Bonds and on each Rate Adjustment Date.

Interest on the unpaid principal of the Bonds shall be payable monthly on the first day of each month commencing on February 1, 2005. Interest on the Bonds shall be computed on the basis of the actual number of days elapsed in a 360-day year. Principal on the Bond shall be payable monthly on the first day of each month commencing on February 1, 2007 to and including the Maturity Date. For the period from the date of issuance to the Initial Rate Adjustment Date, principal and interest will be payable in accordance with the amounts as provided in the Financing Schedule attached hereto as Schedule I. The Financing Schedule reflecting payments of interest and principal shall be adjusted on each prepayment date or Rate Adjustment Date by the Bank to provide for level debt service and such revised Financing Schedule shall be delivered by the Bank to the Borrower and the Issuer on each such prepayment date or Rate Adjustment Date.

Following a Determination of Taxability, as defined in Section 6.5 of the hereinafter described Loan Agreement, the interest rate payable on this Bond shall be increased to a rate per annum equal to the Interest Rate multiplied by _____ (the "Taxable Rate"). In addition, there shall be due and payable within 30 days following a Determination of Taxability in respect of

interest on this Bond, an amount equal to the sum of (i) the amount of interest which would have been payable on this Bond at the Taxable Rate from the Effective Date of Taxability, as defined in Section 6.5 of the Loan Agreement, to the Determination of Taxability (the "Inclusion Period") less the amount of interest actually paid during the Inclusion Period, plus (ii) any penalties in respect of Federal income taxes thereon which any and all holders of this Bond during such Inclusion Period have incurred or estimate that they will incur by reason of such Determination of Taxability with respect to their current and past tax years. The provisions of this paragraph shall survive the payment of this Bond. This Bond shall bear interest on any overdue principal and interest at the Interest Rate plus two percent (2%) per annum. Both principal and interest on this Bond shall be payable in immediately available funds at the principal office of the Bank.

If a change of law occurs which reduces any deduction, credit or other allowance available to the Bank or imposes any tax upon the Bank as owner of this Bond or increases the cost to the Bank of owning this Bond or reduces the net after-tax yield on this Bond to the Bank, the Borrower shall pay the Bank an amount which, on an after-tax basis, equals the tax or other cost arising because of the change of law.

This Bond is originally issued in the aggregate principal sum of \$4,000,000 pursuant to the provisions of Chapter 27 of the Downers Grove Municipal Code, as supplemented and amended (the "Act") and to an Ordinance (the "Bond Ordinance") duly adopted by the Mayor and Village Council on December 21, 2004 for the purpose of providing funds to (i) finance or reimburse The Avery Coonley School, an Illinois not-for-profit corporation (the "Borrower") for the cost of renovation, expansion and equipping of the educational facility of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois (the "Project"); (ii) refinance the Issuer's Economic Development Revenue Bonds, Series 1992 (Avery Coonley School Project) (the "Prior Bonds") and (iii) pay a portion of the costs of issuance of this Bond. The proceeds of this Bond will be loaned by the Issuer to the Borrower, under the terms of a Loan Agreement dated as of December 1, 2004 "Loan Agreement").

This Bond is secured by a pledge and assignment of receipts derived by the Issuer pursuant to the Loan Agreement, the Note from the Borrower to the Issuer (the "Note") pursuant to an Assignment and Agreement dated as of December 1, 2004 (the "Assignment"), from the Issuer to the Bank, as more fully described in the Bond Ordinance. Reference is made to the Bond Ordinance for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the rights of the Bank, and the terms on which this Bond is or may be issued and to all the provisions of which the Bank by the acceptance of this Bond assents.

Any moneys remaining in the Construction Fund after completion of the Project shall be applied to the prepayment of the Bonds at a price equal to 100% of the principal amount thereof, plus accrued interest to the date of such payment as provided in Section 4.2 of the Loan Agreement. The Bonds shall also be subject to optional prepayment by the Borrower in whole or in part at 100% of the principal amount thereof to be redeemed, together with accrued and unpaid interest on January 1, 2010 and on any date thereafter. The Bank may also require a prepayment in whole of this Bond in the event of a Determination of Taxability, as provided in Section 4.2 of the Loan Agreement at 100% of the principal amount of the Bond, together with accrued and unpaid interest on the Bond. The Financing Schedule reflecting payments of interest and principal shall be adjusted on each date of any prepayment by the Bank to provide for level debt service and such revised Financing

Schedule shall be delivered by the Bank to the Borrower and the Issuer on each such date of any prepayment.

Each Rate Adjustment Date may also be a Mandatory Put Date at the option of the Bank. Not less than 270 days prior to a Rate Adjustment Date, the Borrower must give notice to the Bank of its intent to keep the Bond outstanding until the next subsequent Rate Adjustment Date (or the Maturity Date in the case of the final Rate Adjustment Date). If the Borrower delivers the notice described in the preceding sentence to the Bank, the Bank shall provide notice not less than 180 days prior to the Rate Adjustment Date whether such Rate Adjustment Date shall be a Mandatory Put Date. If the Bank declares such date a Mandatory Put Date, that portion of the Bond subject to the put shall be payable on the Mandatory Put Date at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the Mandatory Put Date. Notwithstanding the foregoing, if the Borrower fails to provide the notice of intent to keep the Bond outstanding until the next Rate Adjustment Date and/or the Bank does not provide a notice to the Borrower that the Rate Adjustment Date shall be a Mandatory Put Date, there shall be a presumption that the Bond shall be payable on the Mandatory Put Date.

All principal of this Bond or portion thereof designated for prepayment will cease to bear interest on the specified prepayment date, provided funds for such prepayment are on deposit at the place of payment at that time.

This Bond shall be fully registered as to both principal and interest in the name of the Bank in accordance with the Bond Ordinance. This Bond is not transferable without the written consent of the Borrower, after which it shall be transferable only upon presentation to the Bank as Registrar with a written transfer duly acknowledged by the registered holder or his attorney, and such transfer shall not be effective until it is noted upon this Bond and upon the books of the Issuer kept for that purpose by the Bank and is in compliance with all provisions of Section 149(a) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or proposed regulations published in the Federal Register. The Issuer shall cause books for the registration and transfer of this Bond as provided in the Bond Ordinance to be kept by the Bank, as registrar, which is hereby constituted and appointed the Bond Registrar of the Issuer (the "Bond Registrar"). The Bond Registrar shall keep and maintain on behalf of the Issuer registration books indicating the name and address of the owner from time to time of this Bond.

This Bond is issued pursuant to and in full compliance with the laws of the State of Illinois, particularly the Act and the Bond Ordinance. This Bond and the obligation to pay premium, if any, and interest hereon are special limited obligations of the Issuer, secured by and payable solely out of the receipts derived from the Loan Agreement and the Note and otherwise as provided in the Bond Ordinance and the Loan Agreement.

THIS BOND AND THE OBLIGATION TO PAY PREMIUM, IF ANY, AND INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS, LOAN OF CREDIT OR OBLIGATION OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, OR A CHARGE AGAINST THEIR CREDIT OR ANY OF THEIR TAXING POWERS, IF ANY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION, BUT IS A SPECIAL LIMITED OBLIGATION OF THE ISSUER AND PAYABLE SOLELY FROM THE RECEIPTS DERIVED BY THE ISSUER FROM THE LOAN AGREEMENT AND THE

NOTE. NO OWNER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, TO PAY THIS BOND OR THE INTEREST OR PREMIUM, IF ANY, HEREON, AND THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS, A LOAN OF CREDIT OR AN OBLIGATION OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION OR PROVISION.

Pursuant to the provisions of the Loan Agreement, payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on this Bond are to be paid by the Borrower to the Bank for the account of the Issuer and deposited in a special account created by the Issuer and designated "Village of Downers Grove, Illinois Bond Fund (Avery Coonley School Project), Series 2004," and all receipts under the Loan Agreement (except certain rights relating to indemnification and reimbursement pursuant to Sections 6.4 and 7.5 thereof and the right to receive notices and reports, the right to consent to amendments to the Loan Agreement and other documents to which the Issuer is a party, the right to disapprove investments which are not authorized by law for the investment of public funds and the right to enforce the above) have been duly pledged and assigned to the Bank pursuant to the Assignment for that purpose, under the Bond Ordinance to secure payment of such principal and interest.

In certain events, on the conditions, in the manner and with the effect set forth in the Bond Ordinance, the principal of this Bond may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

Modifications, alterations or amendments of the provisions of the Bond Ordinance may be made only to the extent and in the circumstances permitted by the Bond Ordinance.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on this Bond or for any claim based thereon or upon any obligation, covenant or agreement in the Loan Agreement, the Assignment, the Bond Ordinance or the Bond Purchase Agreement contained, against any past, present or future officer, commissioner, member, agent, employee or trustee of the Issuer, or any officer, commissioner, member, agent, employee or trustee of any successor, as such, either directly or through the Issuer or any successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, commissioner, member, agent, employee or trustee as such shall be expressly waived and released as a condition of and consideration for the issuance of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and laws of Illinois and the Act to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Village of Downers Grove, Illinois has caused this Bond to be signed on its behalf by its Mayor and attested by its Village Clerk and the corporate seal of said Issuer to be affixed hereto, all on December 29, 2004.

VILLAGE OF DOWNERS GROVE, ILLINOIS

(SEAL)

By: _____
Mayor

Attest:

Village Clerk

PROVISIONS FOR REGISTRATION

The Bond shall be registered on the books of the Village of Downers Grove, Illinois kept for that purpose by the Bank, as Bond Registrar. The principal and interest on this Bond shall be payable only to or upon the order of the registered holder or his legal representative.

REGISTRATION

Date of Registration	Name of Registered Owners	Signature of Registrar
December 29, 2004	The Northern Trust Company 4 North Washington Street Hinsdale, Illinois 60521	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**CUSTODY AND APPLICATION OF
PROCEEDS OF BONDS; CONSTRUCTION FUND**

Section 5. There is hereby created by the Issuer and established with the Bank, which is hereby constituted and appointed as depositary for the Issuer pursuant to the Assignment, a special fund in the name of the Issuer to be designated "Village of Downers Grove, Illinois Construction Fund (Avery Coonley School Project), Series 2004" (the "Construction Fund"). The proceeds received by the Issuer upon the sale of the Bonds to be deposited in the Construction Fund shall be held in a separate account by the Borrower. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Loan Agreement, particularly Section 3.6 thereof.

The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Issuer and the Bank of a certificate of the Authorized Borrower Representative (as defined in the Loan Agreement). Any moneys thereafter remaining in the Construction Fund shall be applied in accordance with Section 4.2 of the Loan Agreement.

If the principal amount outstanding on the Bonds shall have become due and payable pursuant to Section 11 hereof, any balance remaining in the Construction Fund shall without further authorization be transferred to the Bond Fund to prepay the Bonds and any remainder therein shall be applied as provided in Section 11 hereof.

PAYMENT OF AMOUNTS UNDER THE LOAN AGREEMENT

Section 6. It is the declared intention of the Issuer to authorize the disbursement of the proceeds of the Bonds in order to finance the costs of the Project and the refinancing of the Prior Bonds pursuant to the Loan Agreement in substantially the form which has been presented at this meeting and on file with the Village Clerk and containing substantially the terms and provisions of the Loan Agreement is hereby approved, with such changes and revisions therein as shall be approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval and the Mayor is hereby authorized, empowered and directed to execute and deliver the Loan Agreement for and on behalf of the Issuer, and the Village Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the Issuer.

The Loan Agreement and the receipts thereof, including all moneys received under its terms and conditions, are to be sufficient to pay the principal of and interest on the Bonds hereby authorized and are hereby pledged and ordered paid into the Bond Fund, except as otherwise expressly provided. The Loan Agreement provides that the Borrower shall remit the required payments thereunder directly to the Bank for the account of the Issuer for deposit in said Bond Fund and such provision is hereby expressly approved.

REVENUES; BOND FUND

Section 7. The Bonds and all payments required of the Issuer hereunder are not general obligations of the Issuer but are special and limited obligations secured by the Loan Agreement and

the Note and payable solely and only out of the receipts derived from the Loan Agreement and the Note as provided herein.

There is hereby created by the Issuer and established with the Bank, as depository, a special fund to be designated "Village of Downers Grove, Illinois Bond Fund (Avery Coonley School Project), Series 2004" (the "Bond Fund"), which shall be used to pay the principal of, premium, if any, and the interest on the Bonds.

There shall be deposited into the Bond Fund, as and when received: (a) all mandatory prepayments specified in Article IV of the Loan Agreement; (b) all payments and other amounts paid by the Borrower pursuant to Section 3.3 of the Loan Agreement; and (c) all other moneys received by the Bank which is available to pay said principal of, premium, if any and interest on the Bonds. The Bank is authorized and directed to apply amounts available therefor in the Bond Fund first to the payment when due of the principal of, premium, if any, and interest on the Bonds and thereafter as provided in the second following paragraph.

The Issuer covenants and agrees that should there be an Event of Default or event that with the passing of time or otherwise may become an Event of Default under the Loan Agreement, the Issuer shall fully cooperate with the Bank at no cost to the Issuer to the end of fully protecting the rights and security of the Bank. Nothing herein shall be construed as requiring the Issuer to use any funds or revenues from any source other than funds and revenues derived from the Loan Agreement and the Note.

The Bank is authorized and directed to use any amounts remaining in the Bond Fund, after payment in full of the principal of and interest on the Bonds, to pay the reasonable charges and expenses of the Bank or any other owner of the Bonds and such other sums as are required to be paid by the Borrower under any document relating hereto, and thereafter to pay any remaining amounts to the Borrower upon the expiration or sooner termination of the Loan Agreement.

Notwithstanding anything herein to the contrary, reference to the Bond Fund shall not preclude direct payment of funds to the Bank or their respective assignees for direct application for the purposes for which payments are made.

ASSIGNMENT

Section 8. As security for the due and punctual payment of the principal of and interest on the Bonds hereby authorized, the Issuer hereby and pursuant to the Assignment assigns and pledges to the Bank, all receipts derived by the Issuer pursuant to the Loan Agreement (except certain rights relating to indemnification and reimbursement pursuant to Sections 6.4 and 7.5 of the Loan Agreement and the right to receive notices and reports, to consent to amendments to the Loan Agreement and other documents to which the Issuer is a party, to disapprove investments which are not authorized by law for the investment of public funds and to enforce the above), the Note and all rights and remedies of the Issuer (except as otherwise provided herein) under the Loan Agreement and the Note to enforce payment thereof; and in evidence of such assignment and pledge and in consideration of the Loan Agreement of the Bank to accept its responsibilities with respect to the Bond Fund created pursuant to Section 7 hereof, the form, terms and provisions of the proposed Assignment in substantially the form which has been presented at this meeting and on file with the Village Clerk and containing substantially the terms and provisions of the Assignment are hereby approved, with such changes and revisions therein as shall be approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval and the Mayor is hereby authorized, empowered and directed to execute and deliver for and on behalf of the Issuer the Assignment and to endorse the Note to the order of the Bank, and the Village Clerk is hereby authorized to attest the same and to affix thereto the corporate seal of the Issuer, and the Mayor and Village Clerk are authorized and directed to cause the Assignment to be executed by the Bank, the Assignment to be in substantially the form which has been presented to

and is herewith approved by the governing body of the Issuer and which is now on file in the official records of the Issuer.

INVESTMENTS; ARBITRAGE

Section 9. Any moneys held as part of the Construction Fund created pursuant to Section 5 hereof or as part of the Bond Fund created pursuant to Section 7 hereof, may be invested or reinvested on the direction of the Borrower, in accordance with the provisions of the Loan Agreement and of the Tax Compliance Certificate of the Borrower executed on the date of the issuance of the Bonds (the "Tax Certificate"). Any such investment shall be held by or under control of the Bank, and shall be deemed at all times a part of the fund from which such investment was made, and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund, which loss shall be an obligation of the Borrower as provided in the Loan Agreement.

As and when any amount invested pursuant to this Section may be needed for disbursement, the Bank, may cause a sufficient amount of the investments to be sold and reduced to cash to the credit of such funds regardless of the loss on such liquidation.

The Issuer hereby covenants with the Bank that so long as any principal of the Bonds remains unpaid, the governing body of the Issuer will not take or authorize the taking of any action which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code and any regulations now or hereafter promulgated thereunder as the same presently exist. For purposes of certifying as to matters of arbitrage, the Mayor is hereby designated an officer responsible for issuing the Bonds.

There is hereby created by the Issuer and established with the Bank, which is hereby constituted and appointed as depository for the Issuer pursuant to the Assignment, a special fund in the name of the Issuer to be designated "Village of Downers Grove, Illinois Rebate Fund (Avery

Coonley School Project), Series 2004" (the "Rebate Fund"). The proceeds required to be deposited by the Borrower pursuant to the Tax Certificate relating to the compliance with arbitrage rebate as provided in Section 148 of the Code shall be deposited in the Rebate Fund which shall be held in a separate account of the Bank. The proceeds in the Rebate Fund shall be invested and disbursed as provided in the Loan Agreement and the Tax Certificate.

GENERAL COVENANTS

Section 10. The Issuer covenants that it will promptly cause to be paid solely and only from the sources mentioned in the Bonds, the principal of, premium, if any, and interest on the Bonds hereby authorized at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof. The Bonds and the obligation to pay, premium, if any, and interest thereon are special limited obligations of the Issuer, secured by the Loan Agreement, the Note and the Assignment and pursuant to the Assignment are payable solely out of the receipts derived by the Issuer from the Loan Agreement and the Note and otherwise as provided herein and in the Loan Agreement. The Bonds and the obligation to pay interest thereon shall not be deemed to constitute an indebtedness, a loan of credit or an obligation of the Issuer, the State of Illinois or any political subdivision thereof, or a charge against their credit or general taxing powers, within the meaning of any constitutional or statutory provision of the State of Illinois.

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance, in the Bonds and in all proceedings of its governing body pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Illinois and under its ordinances, including particularly and without limitation the Act, to issue the Bonds authorized hereby, and to pledge and assign the receipts hereby pledged and assigned in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds has been duly and effectively taken and that the

Bonds are and will be valid and enforceable limited obligations of the Issuer according to the true intent and meaning thereof.

The Issuer covenants that it will execute, acknowledge and deliver such instruments and other documents as the owners of the Bonds or the Bank may reasonably require for the better assuring, granting, pledging and assigning unto the Bank of the interest of the Issuer in the Loan Agreement and the Note as well as the rights of the Issuer in and to the receipts pursuant to the Loan Agreement and the Note hereby assigned and pledged to the payment of the principal of and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Loan Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the receipts derived from the Loan Agreement or the Note or of its rights under any of them.

The Issuer covenants and agrees that all books and documents in its possession relating to the receipts derived from the Loan Agreement and the Note shall at all reasonable times be open to inspection by the owners of the Bonds or such accountants or other agencies as such owners may from time to time designate.

EVENTS OF DEFAULT AND REMEDIES

Section 11. Any Event of Default under Section 7.1 of the Loan Agreement or default in the due and punctual payment of principal and interest on the Bonds is hereby defined as and declared to be and to constitute an "Event of Default".

Upon the occurrence of an Event of Default, the Bank, by notice in writing delivered to the Issuer and the Borrower, may declare the principal of the Bonds, premium, if any, and the interest accrued thereon immediately due and payable, and such principal of, premium, if any, and interest shall thereupon become and be immediately due and payable. Upon any such declaration all payments under the Loan Agreement from the Borrower immediately shall become due and payable as provided in Section 7.2 of the Loan Agreement. Upon any such declaration, all moneys in the

Construction Fund shall be immediately transferred to the Bond Fund and shall be applied to the payment of the principal of and interest on the Bonds then due and unpaid to the person entitled thereto.

While any principal of or interest on the Bonds is unpaid, the Issuer shall not exercise any of the remedies on default specified in Section 7.3 of the Loan Agreement without the prior written consent of the Bank.

Upon the occurrence of an Event of Default, the Bank may pursue any available remedy, including, but not limited to, any available remedy in the Borrower Documents (as such term is defined in the Loan Agreement), at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds and to enforce and compel the performance of the duties and obligations of the Issuer as herein set forth.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bank is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bank now or hereafter existing at law or in equity or by statute.

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

All moneys received pursuant to any right given or action taken under the provisions of this Section or under the provisions of Article VII of the Loan Agreement (after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made (if any) by the Issuer or the Bank) and all moneys in the Bond Fund

shall be applied to the payment of the principal of, premium, if any, and interest on the Bonds then due and unpaid to the person entitled thereto.

When all principal of, premium, if any, and interest on the Bonds have been paid under the provisions of this Section, all reasonable expenses of the Bank and the Issuer have been paid and any other sums required to be paid by the Borrower under any document relating hereto have been paid, any balance remaining in the Bond Fund shall be paid to the Borrower.

With regard to any Event of Default concerning which notice is given to the Borrower under the provisions of this Ordinance, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform or observe any covenant or obligation alleged in said notice not to have been performed or observed, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do in order to remedy such default.

SALE OF THE BONDS

Section 12. Subject to the limitations contained in this Ordinance, authority is delegated to the Mayor, Village Clerk, Village Manager and the Village Treasurer (the "Designated Officers") (i) to sell the Bonds to the Bank at a price of not less than ___% of the aggregate principal amount of the Bonds, (ii) to determine the maturities of the Bonds with a final maturity not to exceed December 1, 2024, (iii) to determine the initial Interest Rate on the Bonds with a rate per annum true interest cost not to exceed ___% and (iv) to determine all of the terms and details of the Bonds not determined in this Ordinance.

The sale of the Bonds and the determination of the details of the Bonds shall be evidenced by the Bond Order, which shall be signed by any two of the Designated Officers. An executed counterpart of the Bond Order and this Ordinance shall be filed with the Village Clerk and entered in the records of the Village.

The Bond Purchase Agreement in substantially the form which has been presented at this meeting and on file with the Village Clerk and containing substantially the terms and provisions of the Bond Purchase Agreement are hereby approved, with such changes and revisions therein as shall be approved by the officers of the Issuer executing and attesting the same, their signatures thereon to constitute conclusive evidence of such approval and the Mayor is hereby authorized, empowered and directed to execute and deliver said Bond Purchase Agreement for and on behalf of the Issuer, and the Village Clerk is hereby authorized to attest the same and to affix thereto or otherwise reproduce thereon the corporate seal of the Issuer.

PERFORMANCE PROVISIONS

Section 13. The Mayor, Village Clerk, Village Manager and Village Treasurer for and on behalf of the Issuer be, and each of them hereby is, authorized and directed to do any and all things necessary to effect the performance of all obligations of the Issuer under and pursuant to this Ordinance, the execution and delivery of the Bonds and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor, Village Clerk, Village Manager, Village Treasurer and other officers and employees of the Village be, and they are hereby, further authorized and directed for and on behalf of the Issuer, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of the authority conferred by this Ordinance or to evidence said authority, including without limitation the signing of IRS Form 8038 and the filing thereof as therein required, and changes in the documents approved herewith as approved by the officials of the Issuer executing the same, and to exercise and otherwise take all necessary action to the full realization of the rights, accomplishments and purposes of the Issuer under the Loan Agreement, the Assignment, the Note, the Bonds, the Assignment and the Bond Purchase Agreement and to discharge all of the obligations of the Issuer thereunder.

NOTICES

Section 14. It shall be sufficient service of any notice or other paper on the Issuer if the same shall be duly delivered to the Issuer or mailed to the Issuer by registered or certified mail, postage prepaid, return receipt requested, addressed to the Issuer at 801 Burlington Avenue, Downers Grove, Illinois 60515, Attention: Director of Finance, or to such other address as the Issuer may from time to time file with the Bank and the Borrower. It shall be sufficient service of any notice or other paper on the Borrower if the same shall be duly delivered to the Borrower or mailed to the Borrower by registered or certified mail, postage prepaid, return receipt requested, addressed to the Borrower at 1400 Maple Avenue, Downers Grove, Illinois 60515, Attention: Business Manager, or to such other address as the Borrower may from time to time file with the Issuer and the Bank. It shall be sufficient service of any notice or other paper on the Bank if the same shall be duly delivered to the Bank or mailed to the Bank by registered or certified mail, postage prepaid, return receipt requested, addressed to the Bank at 4 North Washington Street, Hinsdale, Illinois 60521, Attention: Carson R. Yeager, or to such other address as the Bank may from time to time file with the Issuer and the Borrower.

BOND ORDINANCE A CONTRACT: PROVISIONS FOR MODIFICATIONS, ALTERATIONS AND AMENDMENTS

Section 15. The provisions of this Ordinance shall constitute a contract between the Issuer and the owner or owners of the Bonds hereby authorized; and after the issuance of the Bonds no modification, alteration, or amendment or supplement to the provisions of this Ordinance shall be made in any manner except with the written consent of the owner or owners of the Bonds until such time as all principal of and interest on the Bonds shall have been paid in full. After adoption of this Ordinance, the Mayor and Village Clerk are authorized to execute any modifications to this Ordinance or to the Bonds, including the principal amount hereof and thereof, which are deemed

necessary by the same and their execution of such modifications shall be sufficient proof of such modifications.

SATISFACTION AND DISCHARGE

Section 16. All rights and obligations of the Issuer and the Borrower under the Loan Agreement, the Assignment, the Bonds, the Note, the Bond Purchase Agreement and this Ordinance shall terminate and such instruments shall cease to be of further effect, except for (i) any obligations for the payments resulting from a Determination of Taxability and (ii) any indemnity obligations of Borrower to Issuer under the Loan Agreement, both of which shall survive such termination, and the Bank shall cancel the Bonds, deliver them to the Issuer, and deliver a copy of the cancelled Bonds to the Borrower, and shall assign and deliver to the Borrower any moneys in the Bond Fund required to be paid to the Borrower under Section 7 hereof (except moneys held by the Bank for the payment of principal of or interest on the Bonds), when:

- (a) all expenses of the Issuer and the Bank shall have been paid;
- (b) the Issuer and the Borrower shall have performed all of their covenants and promises in the Loan Agreement, the Assignment, the Bonds, the Note, the Bond Purchase Agreement and in this Ordinance; and
- (c) all principal of and interest on the Bonds have been paid.

INCORPORATION OF PREAMBLES

Section 17. The Issuer hereby finds that all of the recitals contained in the preambles to this Ordinance are full, true and correct and do incorporate them into this Ordinance by this reference.

BANK ELIGIBLE

Section 18. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986. The Issuer represents that the reasonably anticipated amount of tax-exempt obligations that are required to be taken into account

for the purpose of Section 265(b)(3)(C) of the Code and will be issued by or on behalf of the Issuer and all subordinate entities of the Issuer during the current calendar year does not exceed \$10,000,000. The Issuer covenants that it will not designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in the year in which the Bonds are issued. For purposes of the two preceding sentences, the term "tax-exempt obligations" includes "qualified 501(c)(3) bonds" (as defined in the Section 145 of the Internal Revenue Code of 1986) but does not include other "private activity bonds" (as defined in Section 141 of the Internal Revenue Code of 1986).

SEVERABILITY

Section 19. If any section, paragraph, clause or provision of this Ordinance shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

CAPTIONS

Section 20. The captions or headings of this Ordinance are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Ordinance.

PROVISIONS IN CONFLICT REPEALED

Section 21. All ordinances, Ordinances and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed. This Ordinance shall be in full force and effect upon its approval.

PASSED this 21st day of December, 2004.

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED this 21st day of December, 2004.

Attest:

Mayor

Village Clerk

LOAN AGREEMENT

DATED AS OF DECEMBER 1, 2004

BY AND BETWEEN

VILLAGE OF DOWNERS GROVE, ILLINOIS

AND

THE AVERY COONLEY SCHOOL

The interest of the Village of Downers Grove, Illinois (the "Issuer"), in this Loan Agreement has been assigned to The Northern Trust Company (the "Bank") under the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer (except for certain unassigned rights as specified in said Assignment and Agreement) and the Bank.

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

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LOAN AGREEMENT

LOAN AGREEMENT dated as of December 1, 2004, by and between the VILLAGE OF DOWNERS GROVE, ILLINOIS, a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois (the "Issuer") and THE AVERY COONLEY SCHOOL, an Illinois not-for-profit corporation (the "Borrower");

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered to issue revenue bonds pursuant to its home rule powers under the provisions of the Downers Grove Revenue Bond Ordinance constituting Chapter 27 of the Downers Grove Municipal Code (the "Act") to finance or refinance in whole or in part the cost of acquisition, construction, improvement, extension, rehabilitation, renovation or equipping of any economic development project of the Issuer; and

WHEREAS, the Issuer is further authorized by the Act to issue revenue bonds payable solely and only from the revenues and receipts derived from such facilities to provide funds to pay the costs of the financing, refinancing, acquisition, construction, improvement, renovation and equipping of such facilities; and

WHEREAS, pursuant to and in accordance with the provisions of the Act and by proceedings of its governing body in whom the governing and administrative powers of the Issuer are vested, the Issuer has authorized and undertaken to issue its \$4,000,000 principal amount of Revenue Bonds (The Avery Coonley School Project), Series 2004 (the "Bonds") to provide funds to the Borrower to (i) finance or reimburse the Borrower for the renovation, expansion and equipping of a portion of the educational facility of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois (the "Project"), (ii) refinance the Issuer's Economic Development Revenue Bonds, Series 1992 (Avery Coonley School Project) and (iii) pay a portion of the costs of issuance of the Bonds, which constitutes an "economic development project" under the Act; and

WHEREAS, the Borrower will execute and deliver to the Issuer its promissory note substantially in the form attached hereto as Exhibit A (the "Note") pursuant to which the Borrower will make payments sufficient to pay the principal of and interest on the Bonds; and

NOW, THEREFORE, in consideration of the purchase and acceptance of the Note by the Issuer, and the respective representations and agreements herein contained, the parties hereto agree as follows (provided that any obligation of the Issuer created by or arising out of this Agreement shall not be or give rise to an Indebtedness (as defined herein), loan of credit, debt or pecuniary liability of the Issuer, or a charge against its general credit or taxing powers, but shall be payable solely out of the revenues and receipts derived from this Agreement, including the Note, the Project referred to herein and the proceeds of sale of the Bonds and any insurance and condemnation awards provided):

ARTICLE I

Definitions

"Act" means the Downers Grove Revenue Bond Ordinance constituting Chapter 27 of the Downers Grove Municipal Code.

"Agreement" means this agreement and any amendments and supplements hereto.

"Assignment" means the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer and the Bank, as may be amended and supplemented from time to time.

"Authorized Borrower Representative" means the Authorized Borrower Representative or Representatives who, at the time, shall have been designated as such pursuant to the provisions of Section 3.7 hereof.

"Bank" means The Northern Trust Company, and its successors and assigns.

"Bond Counsel" means nationally recognized municipal bond counsel mutually acceptable to the Issuer, the Borrower and the Bank.

"Bond Fund" means the Bond Fund created in Section 7 of the Bond Ordinance.

"Bond Ordinance" means the ordinance passed by the Governing Body of the Issuer authorizing the issuance and delivery of the Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated as of December __, 2004, by and among the Issuer, the Borrower and the Bank, as may be amended and supplemented from time to time.

"Bonds" means the Revenue Bonds (The Avery Coonley School Project), Series 2004 of the Issuer in the aggregate principal amount of \$4,000,000 issued pursuant to the Bond Ordinance.

"Borrower" means The Avery Coonley School, an Illinois not-for-profit corporation, and its successors and assigns.

"Borrower Documents" means this Agreement, the Note, the Bond Purchase Agreement and the Tax Certificate.

"Building" means collectively the buildings, structures and all other related facilities thereto forming a part of the Project, which are located on the Project Site (as hereinafter defined), as they may at any time exist, including any air conditioning and heating systems and any building equipment or machinery.

"Closing Date" means December 29, 2004.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Construction Fund" means the Construction Fund created in Section 5 of the Bond Ordinance.

"Costs of the Project" with respect to the Project shall be deemed to include, but not be limited to, the following items, regardless of when incurred:

(a) Payment to the Borrower of such amounts, if any, as shall be necessary to reimburse the Borrower in full for all advances and payments made by it at any time after the date of an "official intent" as provided in Treas. Reg. §1.150-2(d) for the portion of the Project described therein or sixty (60) days prior to the date of issuance of the Bonds, for expenditures in connection with the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and the construction and equipping of the Project.

(b) Payment or reimbursement of any legal, financial and accounting fees and expenses, the established administrative fees and expenses of the Issuer, costs of the execution and filing of any instruments and the preparation of all other documents in connection therewith, and payment or reimbursement of all fees, costs and expenses for the preparation of this Agreement, the Note, the Bond Purchase Agreement, the Assignment and the Bonds.

(c) Payment or reimbursement for labor, services, materials and supplies used or furnished in the renovation, expansion and equipping of the Project, all as provided in the plans, specifications and work orders therefor, payment or reimbursement for the cost of the renovation, expansion and equipping of utility services or other facilities and the renovation and expansion of all real and personal property deemed necessary in connection with the Project and payment or reimbursement for the miscellaneous capitalized expenditures incidental to any of the foregoing items.

(d) Payment or reimbursement of the fees, if any, for planning, architectural, design, engineering, legal, investment banking and supervisory services with respect to the Project.

(e) To the extent not paid by a contractor for renovation or installation with respect to any part of the Project, payment or reimbursement of the premiums on all insurance required to be taken out and maintained during the Construction Period, if any.

(f) Payment of the taxes, assessments, interest on the Bonds and other charges, if any, that may become payable with respect to the Project, or reimbursement thereof if paid by the Borrower.

(g) Payment or reimbursement of expenses incurred in seeking to enforce any remedy against any supplier, conveyor, grantor, contractor or subcontractor in respect of any default under a contract relating to the Project.

(h) Payment of any other costs permitted by the Act.

"Default Rate" means the Interest Rate plus two percent (2%) per annum.

"Effective Date of Taxability" has the meaning assigned to it in Section 6.5 hereof.

"Environmental Laws" at any date shall mean all provisions of law, statute, ordinances, rules, regulations, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or any foreign government or by any state, province, municipality or other political subdivision thereof or therein or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning the protection of, or regulating the discharge of substances into, the environment.

"Equipment" means those items of machinery and equipment generally described in Exhibit B hereto.

"Event of Default" has the meaning assigned to it in Section 7.1 of this Agreement.

"Event of Taxability" has the meaning assigned to it in Section 6.5 hereof.

"Governing Body" means the Mayor and the Village Council of the Issuer or the successor to the powers of said body.

"Governmental Obligations" means noncallable, direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Guarantees" means, for any person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

"Hazardous Materials" shall mean any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local government law, ordinance, rule or regulation.

"Indebtedness" means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all obligations of such Person on or with respect to letters of credit, banker's acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, and (v) all Guarantees.

"Independent Counsel" means any attorney or a firm of attorneys of which such attorney is a member, and who or which shall be acceptable to the Bank and is not a full-time employee of the Borrower or the Issuer.

"Investment Obligations" shall mean, to the extent lawful for the investment of moneys to be made therein, any of the following obligations or securities on which the Borrower is not the obligor:

(a) Governmental Obligations;

(b) interest-bearing deposit accounts (which may be represented by certificates of deposit including Eurodollar certificates of deposit) in national or state banks (which may include the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency;

(c) bankers' acceptances drawn on and accepted by commercial banks (which may include the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency;

(d) obligations of any agency or instrumentality of the United States of America;

(e) commercial or finance company paper which is rated in the highest rating category by a nationally recognized rating agency;

(f) repurchase agreements with banking or financial institutions (which may include the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency, provided (i) that such repurchase agreements shall be secured as to principal (but only to the extent not insured by the Federal Deposit Insurance Corporation or a similar corporation chartered by the United States of America) by Governmental Obligations, the fair market value of which is equal to one hundred percent (100%) of such principal, (ii) the Bank or a third party acting solely as agent for the Bank has possession of the underlying securities, (iii) the Bank or agent has a perfected first security Lien in such collateral, and (iv) such collateral is free and clear of third party Liens;

(g) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, the interest on which, in the opinion of Bond Counsel, is not includable in the gross income of the owners thereof for Federal income tax purposes;

(h) any other obligations in which public funds may be lawfully invested and that are agreed upon in writing by the Bank and the Borrower; and

(i) money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended, provided that the portfolio of any such money market mutual fund is limited to bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, and to agreements to repurchase such obligations.

"Issuer" means the Village of Downers Grove, Illinois, a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois, the party of the first part hereto, and its successors.

"Lien" means (i) any interest in Property which secures an obligation owed to a Person other than the owner of such Property, including, without limitation, any such interest arising from a mortgage, charge, pledge, security agreement, conditional sale or trust receipt, or arising from a lease, consignment or bailment given for security purposes, (ii) any encumbrance or charge upon such Property which does not secure such an obligations, and (iii) any exception to or defect in the title to or ownership interest in such Property.

"Loan" means the loan described in Section 3.1 of the Agreement.

"Loan Repayments" means the payment of principal of, premium, if any, and interest on the Bonds as required pursuant to Section 3.3 hereof.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' fees of the Bank and the Issuer, if any) incurred in the collection of such proceeds, provided however, that in no event shall Net Proceeds include any amounts payable under use and occupancy insurance maintained by the Borrower.

"Note" means the promissory note of the Borrower issued pursuant to Section 3.1 of this Agreement.

"Optional Redemption" means the optional prepayment by the Borrower of the Bonds as permitted under the Bond Ordinance.

"Permitted Encumbrances" means, as of any particular time (i) Liens for taxes and special assessments not then delinquent, (ii) Liens incurred in the ordinary course of the operation of the Project, (iii) restrictions, exceptions and encumbrances acceptable to the Bank, (iv) Liens constituting additional Indebtedness under Section 6.15 hereunder, (v) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (a) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (b) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than capital leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property, (vi) any attachment or judgment Lien, unless the judgment it secures shall not, within sixty (60) days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within sixty (60) days after the expiration of any such stay, and (vii) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Borrower, provided that such Liens do not, in the aggregate, materially detract from the value of such property.

"Person" or "person" unless the context shall otherwise indicate shall include any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Prior Bonds" means the Issuer's Economic Development Revenue Bonds, Series 1992 (Avery Coonley School Project).

"Project" means the renovation, expansion and equipping of a portion of the educational facility of the Borrower located at 1400 Maple Avenue, Downers Grove, Illinois.

"Project Site" means the real property located at 1400 Maple Avenue, Downers Grove, Illinois, together with all additions thereto and substitutions therefor.

"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.

"Rate Adjustment Date" means December 1, 2004 and December 1, 2019.

"Regulation U" means the Regulation U of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of the Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"State" means the State of Illinois.

"Tax Certificate" means the Tax Compliance Certificate delivered by the Borrower on the Closing Date.

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

"Taxable Rate" means the rate per annum equal to the Interest Rate multiplied by _____.

All other terms used herein which are defined in the Bond Ordinance shall have the same meanings assigned them in the Bond Ordinance unless the context otherwise requires.

(End of Article I)

ARTICLE II

Representations

Section 2.1. Representations by the Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a municipal corporation and home rule unit of local government duly organized and existing under the laws of the State of Illinois and is authorized and empowered by the provisions of the Act (i) to issue the Bonds, (ii) to lend the proceeds thereof to the Borrower for the purpose of financing the cost of the Project and refinancing the Prior Bonds and (iii) to enter into, and perform its obligations under, the Assignment, the Bond Purchase Agreement and this Agreement. The Project constitutes an "economic development project" within the meaning of the Act.

(b) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Issuer threatened, against the Issuer in any court or before any governmental authority or arbitration board or tribunal which would materially and adversely affect the validity or enforceability of the Bonds, the Assignment, the Bond Purchase Agreement and this Agreement or the performance by the Issuer of its obligations hereunder or thereunder.

(c) The issue and sale of the Bonds and the execution and delivery by the Issuer of the Assignment, the Bond Purchase Agreement and this Agreement, and the performance by the Issuer of its obligations hereunder and thereunder (i) are within the purposes, powers and authority of the Issuer, (ii) comply with the Constitution, the laws of the State of Illinois and the Act, are legal and will not conflict with or constitute on the part of the Issuer a violation of or a breach of or default under, or (other than as contemplated by the Assignment, the Bond Purchase Agreement and this Agreement) result in the creation of any Lien or encumbrance upon any property of the Issuer under the provisions of, any indenture, mortgage, loan agreement, deed of trust, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer or any of its properties is bound, or any license, judgment, decree, law, statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties, and (iii) have been duly authorized by all necessary corporate action on the part of the Issuer.

(d) The Borrower has estimated that the cost thereof to be financed with Bond proceeds will not exceed \$4,000,000 and on that basis the Issuer now proposes to issue the Bonds in the principal amount of \$4,000,000 dated the date of issuance, which will mature and bear interest as set forth in the Bond Ordinance and which will be subject to prepayment at the times and at the prepayment prices set forth in the Bond Ordinance.

(e) The Issuer covenants that it has not and will not pledge the income and revenues derived from this Agreement and the Note other than to secure the Bonds for the benefit of the Bank.

(f) Pursuant to the Bond Ordinance duly adopted by the Issuer and which is still in full force and effect, the Issuer has duly authorized the execution, delivery and performance of

the Bond Purchase Agreement, the Bonds, the Assignment, this Agreement and the other documents to be executed and delivered by the Issuer.

(g) No member of the Governing Body or officer, commissioner, employee or agent of the Issuer is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust, or corporation, in this Agreement, the Bond Purchase Agreement, the Assignment, the Bonds or the transactions contemplated thereby. No member of the Governing Body or officer, commissioner, employee or agent of the Issuer represents, as agent or otherwise, any of the parties to this Agreement, the Bond Purchase Agreement, the Assignment or the Bonds.

Section 2.2. Representations and Covenants by the Borrower. The Borrower makes the following representations as the basis for the undertakings on its part herein contained and hereby covenants and agrees:

(a) The Borrower is a not-for-profit corporation duly created, validly existing and in good standing under the laws of the State of Illinois and has full corporate power and authority to own its properties and to conduct its affairs as now being conducted and to enter into, and to perform and observe in all material respects the covenants and agreements on its part contained in the Borrower Documents and has executed and delivered the Borrower Documents to which it is a party.

(b) Neither the execution and delivery of the Borrower Documents, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of the Borrower Documents will conflict with or result in a breach of or cause an acceleration of any liabilities or payments under any of the terms, conditions or provisions of any restriction or any material agreement or instrument to which the Borrower is now a party or by which the Borrower or any of the Borrower's property or assets is bound, or constitute a default under any of the foregoing. No condition exists which would, upon the execution of this Agreement, with the lapse of time or the giving of notice or both, become an Event of Default hereunder.

(c) The Borrower Documents are valid and binding obligations of the Borrower, enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws and general principles of equity.

(d) (i) The Borrower will take all actions within its control to ensure that the Project will be constructed in such manner as to conform with all applicable zoning, planning, building and other regulations of governmental authorities having jurisdiction of the Project, (ii) all necessary utilities are available to the Project, and the Borrower has obtained or will obtain all requisite zoning, planning, building, environmental and other permits necessary for the legal use and occupancy of the Project. Except for the foregoing, no consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Borrower, other than those already made, obtained or done, is necessary or required prior to the issuance of the Bonds.

(e) There is no action, suit, proceeding or investigation at law or in equity, or before any court or any administrative agency, or by any public body pending, or to the knowledge of the Borrower threatened, against the Borrower or affecting the Borrower, or to the best of the knowledge of the Borrower any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect (i) the financial condition of the Borrower or the ability or power of the Borrower to borrow or make the Loan Repayments or (ii) the validity or enforceability of the Borrower Documents, or the transactions contemplated by such instruments, or the validity of the Bonds or which would materially and adversely affect the Borrower's ability to execute and deliver, or to comply with the terms of this Agreement.

(f) Except Permitted Encumbrances, there are no Liens, security interests or other encumbrances against the facilities of the Borrower which are being financed with the proceeds of the Bonds and the Borrower has good and indefeasible title to the assets comprising the Project.

(g) The Borrower has caused due investigation to be made of utility, access and other easements and rights-of-way, restrictions and exceptions on or affecting the Project Site, whether on the ground or of record, and, in the judgment of the Borrower, such easements, rights-of-way, restrictions and exceptions will not materially interfere with or materially impair the operations for which the Project is specifically designed.

(h) The Borrower is not in default of the payment of principal of, or interest on, any Indebtedness for borrowed money and is not in default under any instrument or instruments or agreements under and subject to which any Indebtedness for borrowed money has been issued, and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(i) No event has occurred and no condition exists with respect to the Borrower that constitutes an "event of default" under the Borrower Documents, or any document pertaining to the issuance of the Bonds or which, with the lapse of time or with the giving of notice or both, would become an "event of default" under the Borrower Documents, or any document pertaining to the issuance of the Bonds. The Borrower is not in default in any respect with respect to any order of any court, governmental authority or arbitration board or tribunal or in violation in any respect of any agreement, charter document, bylaw or other instrument to which it is a party or by which it may be bound.

(j) To the best of the Borrower's knowledge, the Borrower is not in violation in any respect of any laws, ordinances, governmental rules or regulations to which it is subject and has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of the Project or to the conduct of its business at the Project Site and Building.

(k) The Borrower will not permit any part of the Project or Project Site to be contaminated or the source of contamination of any other property by any Hazardous Materials. The Borrower has not received notice of, nor is the Borrower aware of, any investigation or

proposed investigation of any part of the Project or Project Site by any Federal, state or local authority with respect to or pursuant to any Environmental Law.

(l) To the best of the Borrower's knowledge, the Project, Project Site and the Borrower's operations in connection therewith have been and are in compliance with all Federal, state and local environmental statutes, rules, orders and regulatory schemes. To the best of the Borrower's knowledge, all required environmental permits and licenses are in effect, and the Borrower is, to the best of the Borrower's knowledge, in compliance therewith.

(m) To the best of the Borrower's knowledge, all Hazardous Materials used, treated, stored, transported to or from, generated or handled on the Project Site have been disposed of off the Project Site in a lawful manner.

(n) With respect to the Project, the Borrower shall comply in all respects with all Environmental Laws and shall not release any Hazardous Materials into the environment. The Borrower shall take all action necessary to prevent the release of Hazardous Materials into the environment at the Project Site. All required governmental permits and licenses shall remain in effect or shall be renewed in a timely manner, and the Borrower shall comply therewith. All Hazardous Materials present, handled or generated on the Project Site shall be disposed of in a lawful manner, and within all time periods required by law.

(o) If the Borrower shall receive any notice related to the Project that:

(i) any violation of any Environmental Law may have been committed by the Borrower;

(ii) any administrative or judicial complaint or order has been filed against the Borrower alleging violations of any Environmental Law or requiring the Borrower to take any action in connection with the release of Hazardous Materials into the environment;

(iii) the Borrower may be liable or responsible for the costs associated with a response to or cleanup of a release of Hazardous Materials into the environment or any damages caused thereby; or

(iv) the Borrower is subject to Federal, state or local investigation evaluating whether any remedial action is needed to respond to the release of any Hazardous Materials or other substance into the environment;

then the Borrower shall promptly provide the Issuer and Bank with a copy of such notice, and in no event later than five (5) days after the Borrower's receipt of the notice.

(p) The Borrower will, during the term of this Agreement, have fee simple title in the Project Site and will cause the Building, the Equipment and the Project Site to be utilized to the expiration or sooner termination of this Agreement as provided herein so that the Project shall at all times constitute an "economic development project" as defined in the Act.

(q) The Project Site is located entirely within the boundaries of the Village of Downers Grove, Illinois.

(r) The proceeds of the loan being financed by the issuance of the Bonds are not being used to reimburse the Borrower for any costs paid by the Borrower prior to October 31, 2004.

(s) No property will be financed, acquired, constructed or equipped with proceeds of the Bonds other than the Building to be acquired and constructed and the various equipment installed on the Project Site and no property shall be substituted for the property described in Exhibit B hereto unless an opinion is received from Bond Counsel to the effect that such substitution will not cause interest on the Bonds to become subject to Federal income taxation.

(t) The information furnished by the Borrower and filed by the Issuer with the Internal Revenue Service pursuant to Section 149(e) of the Code was or will be true and correct in all material respects as of the date of filing said information.

(u) The Borrower agrees to comply with the requirements of Section 148 of the Code regarding the payment of certain investment earnings to the United States. Specifically, the Borrower agrees to make rebate computations and make payments to the United States as required by such Section hereof.

(v) The Borrower incorporates herein the additional representations, warranties, covenants and information set forth in the Tax Certificate which, together with any additional information supplied by the Borrower that has been relied upon by Bond Counsel with respect to eligibility of the Project and the exclusion from gross income of interest on the Bonds for purposes of Federal taxation, are true, complete and correct.

(w) No written information, exhibit or report furnished by the Borrower to the Bank in connection with the negotiation relating hereto contains any material misstatement of fact or omits to state any material fact necessary to make the statements contained therein not misleading.

(x) The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" (as defined in Regulation U).

(y) To the best of the Borrower's knowledge, no condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor) exists which could materially adversely affect the validity or priority of the Liens and security interests granted Issuer or the Bank under the Borrower Documents which could adversely affect the ability of Borrower to perform its obligations under the Borrower Documents, which would constitute a default under any of the Borrower Documents or which would constitute such a default with the giving of notice or lapse of time or both.

(z) To the best of the Borrower's knowledge, the Project Site, the Building and the Equipment and the use and occupancy of the Building, do not violate or conflict, in any material way that would adversely impact the Borrower's operation of the Project, with any applicable law, statute, ordinance, rule, regulation or order of any kind, including without limitation zoning, building, environmental, land use, noise abatement, occupational health and safety or other laws,

any building permit or any condition, grant, easement, covenant, condition or restriction, whether recorded or not.

(aa) The most recent annual financial statements dated June 30, 2004 submitted by the Borrower to the Bank in connection with this Loan are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the respective financial conditions and results of operations of the entities which are their subjects and neither misstate any material fact nor, separately or in the aggregate, fail to state any material fact necessary to make the statements made not misleading.

(bb) To the best of the Borrower's knowledge, all governmental permits and licenses required by applicable law to construct, occupy and operate the Project Site, the Building and the Equipment have been issued and are in full force or will be issued in due course.

(cc) The Building will not encroach upon any building line, set back line, sideyard line, or any recorded or visible easement (or other easement of which Borrower is aware or has reason to believe may exist) which exists or may in the future be granted with respect to the Project so as to materially affect the value of the Project Site, except those which are insured against by the insurance.

(dd) The Loan is an exempted transaction under the Truth in Lending Act, 12 U.S.C. §1601 *et seq.* The Loan does not, and when disbursed will not, violate the provisions of the Illinois usury laws, any consumer credit laws or the usury laws of any state which may have jurisdiction over this transaction, the Borrower or any property securing the Loan.

(ee) The Borrower is a Tax-Exempt Organization; the Borrower has received a determination letter from the Internal Revenue Service to the foregoing effect which letter is still in force and effect; and the Borrower has not declared and has not been determined to have any "unrelated business taxable income" as defined in Section 512 of the Code and the Borrower has no such "unrelated business taxable income", in either case which could have a material adverse effect on the Borrower's status as a Tax-Exempt Organization, or which, if such income were subject to Federal income taxation, would have a material adverse effect on the condition, financial or otherwise, of the Borrower.

(ff) None of the proceeds of the Bonds will be used directly or indirectly to pay, or directly or indirectly to refund Indebtedness the proceeds of which were used to pay, for (i) the acquisition, construction or equipping or any of the expenses of any institution, place or building, or any portion thereof, used or to be used for sectarian instruction or study or as a place for devotional activities or religious worship or in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or other similar persons in the field of religion, or (ii) property which is owned or to be owned by a person other than a Tax-Exempt Organization.

(End of Article II)

ARTICLE III

Financing of Project

Section 3.1. The Loan. The Issuer shall make a loan to the Borrower of the proceeds received by the Issuer from the sale of the Bonds issued, sold and delivered pursuant to Section 3.4 hereof, which Loan shall be advanced in the manner hereinafter provided and which Loan shall be evidenced by the Note. The Note is more fully described in Article IV of this Agreement.

Section 3.2. Security for the Loan. The obligations of the Borrower under this Agreement and the Note shall be secured by an assignment and pledge to the Bank under the terms of the Assignment, all of the Issuer's right, title and interest in and to this Agreement and the Note. Borrower agrees that the Bank may enforce any or all rights, privileges and remedies of the Issuer in and under this Agreement and the Note and any other instrument constituting security for the Note, the Bonds or this Agreement.

Section 3.3. Repayment of Loan. Notwithstanding any provision expressly or inferentially to the contrary contained herein or in the Note, Borrower unconditionally agrees that it shall make payments to the Bank (for the account of the Issuer) in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and in such amounts and at such times (if not sooner required under the terms of this Agreement) as shall be necessary to make full and prompt payment when due (whether at stated maturity, upon call for prepayment prior to stated maturity, or upon acceleration of stated maturity), of the principal of, premium, if any, and interest on the Bonds issued and outstanding under the Bond Ordinance. The obligation of the Borrower to make the payments required in this Section 3.3 shall be absolute and unconditional and shall not be subject to diminution by set off, counterclaim, abatement or otherwise; and until such time as the principal of and interest on the Bonds shall have been fully paid, the Borrower: (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in this Section 3.3; (ii) will perform and observe all of its other agreements contained in this Agreement; and (iii) will not terminate this Agreement for any cause including without limiting the generality and specifications therefor, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Illinois or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement.

Section 3.4. Issuance of Bonds. Simultaneously with the delivery of this Agreement, the Issuer shall issue, sell and deliver the Bonds in order to provide funds to be loaned to the Borrower pursuant to this Agreement. If for any reason the Bonds are not issued, delivered, and paid for in an amount equal to the Loan, the Issuer shall have no obligation to make the Loan to the Borrower provided by this Agreement.

Section 3.5. Application of Proceeds of Bonds. The proceeds from the sale of the Bonds shall be applied as follows:

(a) \$_____ shall be deposited with the Downers Grove National Bank, as trustee for the Prior Bonds, and used to call the Prior Bonds on January 1, 2005;

(b) \$_____ shall be disbursed to pay costs of issuance of the Bonds; and

(c) \$_____ shall be deposited to the Construction Fund established with the Bank pursuant to the Bond Ordinance.

Section 3.6. Disbursements from the Construction Fund. Disbursements of moneys in the Construction Fund shall be made to reimburse any qualified costs of the Project paid after October 31, 2004, and to pay other costs of the Project upon delivery to the Bank of a requisition certificate signed by an Authorized Borrower Representative and approved in writing by the Bank.

In the event that 85% of the sum of the proceeds of the Bonds and any investment income from such proceeds shall not have been disbursed from the Construction Fund by December 29, 2007, the Borrower shall furnish the Bank, at Borrower's expense, an opinion of bond counsel acceptable to the Bank to the effect that such failure to disburse Bond proceeds shall not have adversely affected exclusion from Federal income taxation of interest on the Bonds.

Section 3.7. Authorized Borrower Representative. Upon sale of the Bonds, the Borrower shall appoint an Authorized Borrower Representative for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Borrower Representative under the provisions of this Agreement. In the event said Authorized Borrower Representative, or any successor appointed pursuant to the provisions of this Section, should resign, become unavailable or unable to take any action or make any certificate provided for in this Agreement, another Authorized Borrower Representative or alternate Authorized Borrower Representative shall thereupon be appointed by the Borrower.

Whenever under the provisions of this Agreement the approval of the Borrower is required or the Issuer is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative unless otherwise specified in this Agreement and the Issuer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Issuer as a result of any such action taken.

Section 3.8. Investment of Bond Fund Moneys Permitted. Any moneys held as a part of the Bond Fund shall at the written request of the Borrower be invested or reinvested by the Bank as directed by the Borrower, to the extent permitted by law for public funds, in Investment Obligations provided, however, that the foregoing shall not permit any investments which would cause the Bonds to be an arbitrage bond within the meaning of Section 148(a) of the Code and regulations promulgated thereunder. The foregoing investments may be purchased from, or be obligations of, the Bank and any other bank which may be a parent of the Bank or related to the Bank by reason of common control. As and when any amounts thus invested may be needed for disbursement, the Bank may cause a sufficient amount of such investments to be sold or otherwise reduced to cash for the credit of such funds without regard to loss on such

liquidation. For the purpose of this Section, any Investment Obligations issued by or on deposit with the Bank shall be deemed to be investments and not deposits.

The investments so purchased shall be held by the Bank and shall be deemed at all times to be a part of the Bond Fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund and any net losses resulting from such investment shall be charged to such fund and paid by the Borrower. The proceeds of the sale or redemption of such investments shall be used by the Bank solely and only for the purposes for which the fund out of which the investment was made was created. The Bank shall not be responsible for any investment losses.

Section 3.9. Special Arbitrage Covenants. The Issuer and the Borrower covenant that the Net Proceeds (as defined in the Tax Certificate) of the Bonds will be devoted to and used with due diligence for the financing of the Project.

The Issuer and the Borrower jointly and severally covenant with the purchaser and holder of the Bonds from time to time outstanding that so long as the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any regulations promulgated or heretofore proposed thereunder.

Section 3.10. Payment of Fees and Expenses. The Borrower shall pay, within ten (10) days of demand therefor: (a) all reasonable costs and expenses of the Issuer and the Bank incidental to the issuance of the Bonds and the making of the Loan, to the extent not payable as Project Costs, including, without limitation, reasonable fees of counsel to the Bank, and (b) the reasonable expenses of the Issuer and the Bank (including, without limitation, reasonable attorneys' fees) related to the Project, or incurred by the Issuer or the Bank in enforcing the provisions of this Agreement.

(End of Article III)

ARTICLE IV

The Note

Section 4.1. Maturities and Interest Rates. The Note shall be substantially in the form attached as Exhibit A hereto; shall be in the principal amount of \$4,000,000; shall be dated the date of delivery; and subject to this Section and Section 4.2 hereof, shall bear interest and shall be payable as provided in the Note.

Section 4.2. Prepayment of the Note. The Borrower shall be permitted to prepay the Note as set forth below.

Any moneys remaining in the Construction Fund after completion of the Project shall be applied to prepayment of the Bonds at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of such payment, and the Note shall be prepaid in the manner, at the time and in the amount therein required.

The Borrower may, at its option, prepay the Note, in whole or in part, on January 1, 2010 and on any date thereafter at 100% of the principal amount thereof, plus accrued and unpaid interest thereon.

The Bank shall also have the right to require a mandatory prepayment of the principal of the Note in whole on any date after a Determination of Taxability at a price equal to 100% of the principal amount then outstanding plus accrued and unpaid interest thereon to such mandatory prepayment date. To exercise such right to require mandatory prepayment, the Bank shall give written notice to the Borrower not less than 60 days prior to such mandatory payment date. On said mandatory prepayment date the Borrower shall prepay the Note and pay all interest and other liabilities due hereunder and pursuant to the Note. In addition to a prepayment option in the event of a Determination of Taxability, each Rate Adjustment Date may also be a Mandatory Put Date at the option of the Bank. Not less than 270 days prior to a Rate Adjustment Date, the Borrower must give notice to the Bank of its intent to keep the Bonds outstanding until the next subsequent Rate Adjustment Date (or the Maturity Date in the case of the final Rate Adjustment Date). If the Borrower delivers the notice described in the preceding sentence to the Bank, the Bank shall provide notice not less than 180 days prior to the Rate Adjustment Date whether such Rate Adjustment Date shall be a Mandatory Put Date. If the Bank declares such date a Mandatory Put Date, that portion of the Note subject to the put shall be payable on the Mandatory Put Date at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the Mandatory Put Date. Notwithstanding the foregoing, if the Borrower fails to provide the notice of intent to keep the Bonds outstanding until the next Rate Adjustment Date and/or the Bank does not provide a notice to the Borrower that the Rate Adjustment Date shall be a Mandatory Put Date, there shall be a presumption that the Note shall be payable on the Mandatory Put Date.

If the Note shall be prepaid in full in accordance with this Section 4.2, the Note shall be cancelled and returned to the Borrower.

Section 4.3. Credits Against Payment of Note. Any moneys which are in the Bond Fund on any date fixed for the payment of principal or interest on the Note shall be credited to the Borrower's payments due then and thereafter until the entire sum remaining in the Bond Fund is so credited, and the Borrower shall be relieved of the obligation to make payments on the Note to the extent of the amounts so credited. Moneys in the Bond Fund shall not be credited against the aforesaid payment obligations (i) if such moneys are held for payment of installments on the Bonds theretofore matured or called for prepayment not presented for payment or paid, or for past due, unpaid interest or premium on the Bonds, or (ii) if such moneys are to be used by the Bank for the payment of a future prepayment of the Bonds, either on a specified date or on a date to be specified subsequently by the Issuer or the Borrower, or (iii) if such moneys have been deposited in the Bond Fund as a result of an Event of Default by the Borrower.

(End of Article IV)

ARTICLE V

Maintenance, Taxes and Insurance

Section 5.1. Maintenance and Modifications of Project by Borrower. The Borrower agrees that so long as the Bonds are outstanding it will cause, or will at its own expense (a) keep the Project in reasonably safe condition; (b) promptly repair, restore or rebuild the Building and Equipment, or any other buildings or improvements now or hereafter on the Project Site (whether any of the foregoing are ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) which may become impaired, damaged or destroyed, to such an extent that the Project can no longer be used substantially in the manner originally contemplated by the Borrower and the Bank; (c) keep the Project in good condition and repair, without waste, and free from charges, encumbrances, mechanic's or other Liens or claims for Lien except for Permitted Encumbrances; (d) pay when due any Indebtedness which may be secured by a Lien, charge or encumbrance on the Project, and upon request exhibit satisfactory evidence of the discharge of same to Bank; (e) complete within a reasonable time any building or buildings now or at any time in process of erection upon the Project Site; (f) comply with all requirements of law or municipal ordinances with respect to the Project and the use thereof; and (g) promptly notify the Bank of any material damage or destruction to the Project, of any pending or threatened proceeding for the taking (by eminent domain or otherwise) of any part thereof, or any notice from any governmental authority alleging material violation of any building code, zoning ordinance or other governmental requirement or of any other event or condition which might materially impair the value of the Project or its use for its intended purpose. The Borrower may cause or may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable that do not materially adversely affect the integrity of the Project or reduce its value without first obtaining the prior written approval of the Bank.

Section 5.2. Taxes, Other Governmental Charges and Utility Charges. The Borrower will promptly pay, or cause to be paid as the same become due, all taxes, governmental charges of any kind whatsoever foreseen or unforeseen, including, without limitation, any tax equivalents required by the State of Illinois or income, profit, property and excise taxes levied or

assessed by Federal, state or municipal government with respect to the Project or any part thereof or any payments under the Agreement and all utility or other charges or assessments that may at any time be lawfully assessed or levied against or with respect to the Project or any interest therein or any machinery, equipment or other property installed or brought by the Borrower therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the revenues, income or profits from the Project which, if not paid, will become a Lien on the Project or a Lien or charge on the rents, revenues and receipts therefrom and the pledge or assignment thereof to be created and made in the Bond Ordinance and the Assignment and including all *ad valorem* taxes lawfully assessed upon the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Project.

The Borrower may, at its expense and in its own name and behalf or in the name and behalf of the Issuer, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided, however, that the Borrower may not act in the name and behalf of the Issuer in connection with taxes, assessments and other charges made by the Issuer. If the Borrower fails to diligently pursue such contest, the Bank shall have the right, but not the obligation, to pay any such taxes, assessments or other charges without inquiry as to their validity and any amounts advanced by the Bank shall be immediately due and payable from the Borrower together with interest at the Default Rate. The Issuer at the expense of the Borrower will cooperate fully with the Borrower in any such contest except those involving taxes, assessments and other charges made by the Issuer.

Section 5.3. Insurance Required. The Borrower agrees to insure the Project or cause it to be insured with insurance companies licensed to do business in the State in such amounts and in such manner and against such loss, damage and liability, including liability to third parties, as is customary with entities in the same or similar business. The Borrower, at its sole expense, will maintain the Project in a reasonably safe and sound operating condition, making from time to time all reasonably needed material repairs thereto and shall maintain, at its sole expense, insurance with responsible and reputable insurance companies reasonably acceptable to the Bank covering: (a) the Property, insured for the full insurable value against all hazards and risks ordinarily insured against by other owners or users of such properties in similar businesses; and (b) business interruption insurance and public liability and property damage relating to the Borrower's ownership and use of its assets. All such policies of insurance shall be in form and in such amounts as may be satisfactory to the Bank.

(End of Article V)

ARTICLE VI

Special Covenants

Section 6.1. No Warranty of Condition or Suitability by the Issuer. The Borrower recognizes and agrees that neither the Issuer nor any holder of the Bonds has made any warranty,

either express or implied, as to the condition of the Project or any part thereof or that it will be suitable for the Borrower's purposes or needs.

Section 6.2. Issuer's and Bank's Right of Access to the Project. The Borrower agrees that the Issuer, the Bank and any of its duly authorized agents shall have the right at all reasonable times during regular business hours with reasonable prior notice to the Borrower to enter upon the Project Site and to examine and inspect the Project. The Borrower further agrees that the Issuer, the Bank and any of its duly authorized agents shall have, subject to such limitations, restrictions and requirements as the Borrower may reasonably prescribe, such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Borrower to perform its obligations under Section 5.1 hereof. The Issuer shall have no obligation to exercise the rights granted to it under this Section 6.2, which rights the Issuer may elect to exercise in its sole discretion. Nothing in this Section 6.2 shall be deemed to limit Issuer's rights to examine and inspect the Project as may be otherwise provided by law.

Section 6.3. Borrower to Maintain its Existence. The Borrower agrees that throughout the term of this Agreement it shall maintain its existence as an Illinois not-for-profit corporation that is exempt from Federal income tax under Section 501(c)(3) of the Code, will continue to be a corporation qualified to conduct affairs in the State, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve without the prior written consent of the Bank.

The Borrower warrants (i) that it is and throughout the term hereof it will continue to be qualified to conduct affairs in the State, and (ii) that if it elects to consolidate with, merge into or transfer all or substantially all of its assets to another legal entity in accordance with this Section, and such other legal entity is not organized under the laws of the State, the Borrower, as a condition of such consolidation, merger or transfer of assets, shall cause such other legal entity to qualify to conduct affairs as a foreign corporation in the State and to remain so qualified continuously during the term hereof.

Section 6.4. Release and Indemnification Covenants. The Borrower releases the Bank and the Issuer (including any person at any time serving as a member, officer, agent, employee, successor and assign of the Bank or the Issuer) (collectively, the "Indemnified Parties") from and covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify and hold the Indemnified Parties harmless against, any liability for any loss or damage to property or any injury to, or death of, any person occurring on or about or resulting from any defect in the Project Site, the Project or the other improvements on the Project Site, provided, that the indemnity provided in this sentence shall be effective only to the extent of any loss that may be sustained by the Indemnified Parties in excess of the Net Proceeds received by them from any insurance carried with respect to the loss sustained, and provided further, that the indemnity shall not be effective for damages that result from negligence, misconduct or intentional acts on the part of the Indemnified Parties. In the event of a Determination of Taxability (and notwithstanding the termination of this Agreement pursuant to Section 8.4 hereof), the Borrower shall reimburse the Bank and any other holder or prior holder of the Bonds

for any additional penalties or fines payable by the Bank or such holder as a result of such Determination of Taxability.

Without limiting the foregoing the Borrower shall protect, indemnify and save harmless the Indemnified Parties and their respective officers, members, independent contractors, employees, agents, successors and assigns against and from any and all liabilities, suits, actions, claims, demands, losses, expenses, charges, judgments and costs of every kind and nature incurred by or asserted or imposed against the Indemnified Parties and their respective officers, independent contractors, successors and assigns, agents or employees, or any of them, by reason of any accident, injury (including death) or damage to any person or property however caused (other than by the negligence or misconduct of the Indemnified Parties or their respective agents, employees or successors and assigns) resulting from, connected with or growing out of any act of commission or omission of the Borrower or any officers, independent contractors, employees, agents, assignees, contractors or subcontractors of the Borrower or any use, non-use, possession, occupation, condition, operation, service, design, construction, acquisition, maintenance or management of or on or in connection with the Project, or any part thereof, during the term of the Bonds and regardless of whether such liabilities, suits, actions, claims, demands, damages, losses, expenses and costs be against or be suffered or sustained by the Indemnified Parties or any of their respective officers, agents, independent contractors, employees, successors and assigns or be against or be suffered or sustained by legal entities, officers, agents, independent contractors or other persons or entities to whom the Indemnified Parties or any of their respective officers, agents, independent contractors, employees or successors and assigns may become liable therefor. The Indemnified Parties shall not be liable for any damage or injury occurring during the term of the Bonds to the persons or entities or property of the Borrower or any of its officers, agents, independent contractors, including operating personnel, contractors and employees or any other person or entity who or which may be upon the Project unless caused by the negligence, misconduct or intentional acts of the Indemnified Parties or their respective agents, employees or successors and assigns. The Borrower may, and if so requested by the Indemnified Parties shall, undertake to defend at its sole cost and expense, any and all suits, actions and proceedings brought against the Indemnified Parties or any of their respective officers, agents, independent contractors, employees or successors and assigns in connection with any of the matters indemnified against in this Section. The Indemnified Parties shall give the Borrower timely notice of and shall forward to the Borrower every demand, notice, summons or other process received with respect to any claim or legal proceedings within the purview hereof. The Indemnified Parties each shall have the right to approve the attorney or firm of attorneys selected to defend the Indemnified Parties or their respective officers, employees or independent contractors provided that such approval shall not be unreasonably withheld.

The Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense, but the fees and expenses of such counsel shall be at the expense of the Indemnified Parties retaining such counsel unless (a) the employment thereof has been specifically authorized by the Borrower, or (b) the Borrower has failed to assume the defense and employ counsel. It is understood that the Borrower shall, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expense of only one separate firm of attorneys at any time if the Indemnified Parties (or any person serving at any time as one of its members, officers, agents, employees or successors and assigns) and the

Borrower do not have (in the opinion of such counsel for the Indemnified Parties) actual or potential differing interests among themselves, which shall be designated in writing by the Borrower, subject to the written approval of the Indemnified Parties as aforesaid. The Borrower shall not be liable for any settlement of any such action effected without its written consent, but if settled with its written consent or if there is a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless the Indemnified Parties (including any person serving at any time as a member, officer, agent, employee or successors and assigns of the Issuer) from and against any loss, liability, damage or expense by reason of such settlement or judgment.

All acts, including any failure to act, relating to the Project by any agent, representative or designee of the Bank are performed solely for the benefit of the Issuer and the Bank to assure repayment of the Bonds and are not for the benefit of the Borrower or the benefit of any other person or entity. The Borrower agrees to indemnify the Indemnified Parties and to hold them harmless against any loss or expense (including reasonable attorneys' fees) resulting from any and all claims, actions, settlements or liability for acts or failure to act in connection with the Project as set forth in this Section. The Borrower will provide for and insure, in the general public liability insurance policies required by Section 5.3 hereof, the liability assumed in this Section; provided, however, that the purchase of such insurance shall not limit the Borrower's liability hereunder.

The obligations of the Borrower under this Section 6.5 shall survive the termination of this Agreement and the payment of the Bonds.

Section 6.5. Tax Exempt Status of the Bonds. The Borrower covenants that interest on the Bonds shall be and remain excluded from the gross income of the Bank for Federal income tax purposes.

"Effective Date of Taxability" shall mean the later of (i) the date of issuance of the Bonds, or (ii) the effective date of taxability as set forth in the Determination of Taxability.

A "Determination of Taxability" shall mean the earliest to occur of the following:

- (a) that date when the Borrower files with the Bank any statement which discloses that an Event of Taxability shall have in fact occurred;
- (b) that date when the Bank notifies the Borrower that it has received a written opinion of counsel to the effect that an Event of Taxability shall have occurred, unless within one hundred eighty (180) days after receipt by the Borrower of such notification from the Bank the Borrower shall deliver to the Bank a ruling or determination letter issued to or on behalf of the Borrower by the Commissioner or any District Director of Internal Revenue (or any other government 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 of the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;
- (c) that date when the Borrower shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other District Director or agent exercising the

same or a substantially similar function from time to time) that, based upon any filings of Borrower, or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(d) that date when the Borrower shall receive notice in writing from the Bank that the Internal Revenue Service (or any other government agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank, the interest on the Bonds due to the occurrence of an Event of Taxability.

"Event of Taxability" means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the issuance of obligations or the incurring of capital expenditures in excess of those permitted by Section 144(a)(4) of the Code, or the taking of any action by the Borrower, or the failure to take any action by the Borrower, or the making by the Borrower of any misinterpretation 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 the interest paid or payable on any Bonds to become includable in any way in the gross income of the Bank or any holder or former holder other than a holder or former holder who is or was a "substantial user" or "related person" as such terms are used in Section 147 of the Code. Such Determination of Taxability shall be conclusive and such Effective Date of Taxability shall be deemed for all purposes of this Agreement to be the date borne by said statutory notice of deficiency, determination, ruling or action, or referred to in such certificate or opinion.

The Borrower will not cause or permit any proceeds of the Bonds to be invested in a manner contrary to the provisions of Section 148 of the Code and will assure compliance with such requirements on behalf of the Issuer.

The covenants made by Borrower in this Section and Borrower's obligations hereunder shall survive the termination of this Agreement.

Section 6.6. Limited Liability of Issuer. The obligations of the Issuer under this Agreement are special, limited obligations of the Issuer, payable solely out of the revenues and income derived under this Agreement and as otherwise provided under this Agreement and the Bond Ordinance. The obligations of the Issuer hereunder shall not be deemed to constitute an Indebtedness, a loan of credit or an obligation of the Issuer or the State within the purview of any constitutional limitation or provision, or a charge against the credit or any taxing powers, if any, of the Issuer, the State or any political subdivision thereof.

Section 6.7. Adjustment to Tax Exempt Interest Rate. The Borrower covenants and agrees to pay to the Bank such amounts as are required in the Bonds to be paid by the Borrower to the Bank as a result of any change in any law, rule, regulation, directive or request of general applicability, or in the interpretation thereof, as set forth in the Bonds, the provisions of which are incorporated herein by this reference.

Section 6.8. Compliance with Laws. The Borrower shall, throughout the term of this Agreement and at no expense to the Issuer, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project and the Project Site or to the repair and alteration thereof,

or to the use or manner of use of the Project and the Project Site; provided that the Borrower may contest the validity or application of such laws, ordinances, rules, regulations and requirements if, in the written opinion of the Bank, such contest does not impair the ability of the Borrower to operate the Project.

Section 6.9. Liens. The Borrower shall not sell, abandon, lease, transfer or otherwise dispose of the Project nor create or permit to continue any Lien or encumbrance upon the Project or any part thereof, other than a Permitted Encumbrance, without the prior written consent of the Bank, which consent will not unreasonably be withheld.

Section 6.10. Non-Impairment of Tax Exempt Status. The Borrower shall not, notwithstanding any other provision of this Agreement, take, or permit to be taken on their behalf, any action which would impair the exemption of interest on the Bonds from Federal income taxation, and will take all reasonable action for itself and on behalf of the Issuer as may be necessary to continue the tax exemption.

Section 6.11. Financial Reports. The Borrower will maintain a standard system of accounting in accordance with generally accepted accounting principles ("GAAP") and will furnish to the Bank and Issuer such information respecting the business and financial condition of the Borrower as the Bank and Issuer may reasonably request; and without any request, will furnish to the Bank and Issuer:

(a) as soon as available, and in any event within 120 days after the close of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower as of the close of such fiscal year and consolidated statements of income, retained earnings and cash flows of the Borrower for such period, and accompanying notes thereto, all prepared in accordance with GAAP and in reasonable detail showing in comparative form the figures for the previous fiscal year, audited by a firm of independent public accountants, selected by the Borrower and satisfactory to the Bank;

(b) within the period provided in subsection (a) above, the written statement of the accountants who certified the compiled report thereby required that in the course of their services rendered they have obtained no knowledge of any Event of Default, or, if such accountants have obtained knowledge of any such Event of Default, they shall disclose in such statement the nature and period of the existence thereof;

(c) on a quarterly basis, copies of the Borrower's investment report; and

(d) promptly after knowledge thereof shall have come to the attention of any responsible officer of the Borrower, written notice (i) of any threatened or pending litigation or governmental proceeding against the Borrower which, if adversely determined, could materially adversely affect the financial condition, property, business or operations of the Borrower or (ii) of the occurrence of any Event of Default hereunder.

The Borrower will permit the Bank and its duly authorized representatives and agents to visit and inspect any of the properties, corporate books and financial records of the Borrower to examine the books of accounts and other financial records of the Borrower, and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by, its

officers and independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Bank the finances and affairs of the Borrower) at such reasonable times and reasonable intervals as the Bank may designate.

Section 6.12. Banking Relationship. The Borrower agrees at all times to utilize the Bank as its sole depository and remittance point and to maintain all of its checking and operating accounts at the Bank. The Borrower acknowledges that its agreement to utilize the Bank as its sole depository and remittance point and to maintain all of its checking and operating accounts at the Bank is a material inducement to the Bank to enter into this Agreement and purchase the Bonds.

Section 6.13. Additional Debt. The Borrower shall not incur any additional Indebtedness in excess of \$250,000 without receiving the prior written consent of the Bank, which consent will not be unreasonably withheld.

Section 6.14. Unpledged and Unrestricted Liquidity. The Borrower at all times while the Bonds are outstanding shall maintain an unrestricted reserve fund balance of 2.0 x annual debt service. For purposes of compliance with this Section 6.14 amounts in the unrestricted reserve fund shall be measured no more frequently than twice a year on each December 1 and June 1 (each date a "Testing Date") and amounts on deposit therein shall be subject to no other restriction other than to be in compliance on each Testing Date. In addition, the annual net change in unrestricted fund balances (plus depreciation and interest) minus annual debt service will not exceed a \$125,000 deficit. The Borrower will maintain enrollment of 340 students in 2004-2005 and 350 students beginning in 2006-2007, measured at the beginning of the school year. The Borrower will have the right within 30 days of not maintaining such enrollment to demonstrate that the previous covenant with respect to the annual net change in unrestricted fund balances will still be met. In addition, the annual net change in unrestricted fund balances (plus depreciation and interest) minus annual debt service will not be a deficit for more than two consecutive years.

(End of Article VI)

ARTICLE VII

Default Provision

Section 7.1. Default; Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) Default in the due and punctual payment of any interest on the Note which payment default is not cured within five (5) days of the due date thereof;
- (b) Default in the due and punctual payment of any installment of principal on the Note, whether at the stated maturity thereof, or at the date for prepayment thereof, or upon the maturity thereof by declaration or otherwise which payment default is not cured within five (5) days of the due date thereof;

(c) Default in the due and punctual payment of any other amounts due under this Agreement or the Note which payment default is not cured within thirty (30) days of the due date thereof;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Borrower in this Agreement including, but not limited to, failure to pay the Issuer's legal fees and the Bank's legal fees, or in the Note, except in the event such default constitutes an Event of Default under (a), (b) or (c) above, and the continuance thereof for a period of thirty (30) days after written notice given to the Borrower by the Bank specifying such default and requesting that it be corrected;

(e) An Event of Default or default, after any applicable grace period, shall have occurred under the Bond Ordinance as therein defined;

(f) Any representation or warranty made by the Borrower under or in connection with this Agreement shall be materially false as of the date it is made or becomes at any time thereafter;

(g) The Borrower shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, or an order for relief shall be entered against it under the Federal bankruptcy law, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.1(h) hereof;

(h) A receiver, custodial, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any substantial part of its property, or a proceeding described in Section 7.1(g) shall be instituted against the Borrower and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) or more days;

(i) Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any substantial portion of the property of the Borrower that is material to the operation of the Borrower;

(j) A default, after any applicable grace period, shall have occurred under the Note or any other document evidencing or securing this Agreement or the Note;

(k) a default shall occur under any evidence of Indebtedness issued, assumed, or guaranteed by the Borrower in excess of \$50,000 or under any indenture, agreement or other

instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness (whether or not such maturity is in fact accelerated) or any such Indebtedness shall not be paid when and as due (whether by lapse of time, acceleration or otherwise); or

(l) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$50,000 shall be entered or filed against the Borrower or against any of its respective property and remain unvacated, unbonded or unstayed for a period of 30 days.

Section 7.2. Acceleration. Upon the occurrence of an Event of Default, the Issuer or the Bank may (by written notice to the Borrower) declare the entire outstanding principal balance of the Note together with all interest accrued thereon, to be immediately due and payable; and such principal and interest shall thereupon become and be immediately due and payable.

Section 7.3. Remedies. Upon the occurrence of an Event of Default, the Issuer or the Bank, in addition to all remedies conferred upon Issuer or the Bank by law and by the terms of the Note and the other Borrower Documents, may pursue any one or more of the following remedies concurrently or successively, it being the intent thereof that none of such remedies shall be to the exclusion of any others:

(a) Do anything required, necessary or advisable in Bank's judgment to fulfill the obligations of Borrower, including the rights to avail itself of or procure performance of existing construction contracts, to let any contracts with the same contractors, subcontractors or others and to employ watchmen to protect the Project from injury. Without restricting the generality of the foregoing and for the purposes aforesaid, Borrower authorizes Bank in Bank's own names and the Borrower hereby appoints and constitutes the Bank as Borrower's lawful attorney-in-fact with full power of substitution in the Project to perform the following actions:

(i) To prosecute and defend actions or proceedings in connection with the Project;

(ii) To take action and require such performance as the Bank deems necessary or advisable under any of the bonds to be furnished hereunder and to make settlements and compromises with the surety or sureties thereunder, and in connection therewith, to execute instruments of release and satisfaction;

(iii) To sell, lease or option any portion or portions of the Project; and

(iv) To do any and every act which the Borrower might do in its own behalf with respect to the Project, it being understood and agree that this power of attorney shall be a power coupled with an interest and cannot be revoked;

(b) Declare the Note to be due and payable forthwith, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived;

(c) In addition to any rights of set-off that the Bank may have under applicable law, the Bank may, without notice of any kind to Borrower, appropriate and apply to the payment of

the Note or of any sums due under this Agreement any and all balances, deposits, credits, accounts, certificates of deposit, instruments or money of Borrower then or thereafter in the possession of Bank; and

(d) Exercise or pursue any other remedy or cause of action permitted at law or at equity or under this Agreement or any other Borrower Documents, including but not limited to enforcement of all Borrower Documents.

In case there shall be pending proceedings for the bankruptcy or the reorganization of the Borrower under the United States Bankruptcy Code or any other insolvency law, or in case a receiver or similar official shall have been appointed for the property of the Borrower, or in the case of any other similar judicial proceedings relating to the Borrower or to the creditors or property of the Borrower, the Bank shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and approve a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and in case of any other judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Bank allowed in such judicial proceedings relating to the Borrower, their creditors or their property, and to collect and receive any monies or other property payable or deliverable on any such claims; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Bank and to pay the Bank any amount due it for compensation and expenses, including reasonable attorneys' fees incurred by it up to the date of such distribution.

Section 7.4. Disposition of Amounts Collected. Any amounts collected pursuant to action taken under this Article VII (after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer or the Bank) shall be paid into the Bond Fund and applied in accordance with the provisions of Section 11 of the Bond Ordinance. No remedy herein conferred upon or reserved to the Issuer or the Bank is intended to be exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bank to exercise any remedy reserved or available to it, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

Section 7.5. Payments of Costs and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the Issuer or the Bank, or both, should employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation or agreement on the part of the Borrower herein contained (whether or not judicial proceedings are actually commenced), the Borrower agrees that they will on demand therefor pay to the Issuer or the Bank, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Bank, together with interest at the Default Rate per annum from the date any such event ripens into an Event of Default under Section 7.1 hereof until such amounts are paid. The

obligations of the Borrower under this Section 7.5 shall survive the termination of this Agreement and the payment of the Bonds.

Section 7.6. Limitation on Waivers. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive the same, any other or further breach hereunder on a future occasion. The Issuer shall not, without the written consent of the holder of the Bonds waive any provision of this Agreement. By reason of the assignment and pledge of certain of the Issuer's rights and interest in this Agreement to the Bank, the Issuer shall have no power to waive or release the Borrower from any event of default or the performance or observance of any obligation or condition of the Borrower under this Agreement without prior written consent of the Bank, but shall do so if requested by the Bank, provided that prior to such waiver or release by the Issuer, the Issuer shall have been provided with an opinion of counsel that such action will not result in any pecuniary liability to it and the Issuer shall have been provided such reasonable indemnification as the Issuer shall deem necessary.

Section 7.7. Performance by Third Parties. The Issuer agrees that third parties may perform any and all acts or take such action as may be necessary on Default hereunder, and the Issuer agrees that the Bank may take or accept such performance as performance by the Borrower in such event. The acceptance by the Issuer or the Bank of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

Section 7.8. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Bank by this Agreement is intended to be exclusive of any other available remedy or remedies, but each remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any right or power or shall be construed to be a waiver thereof, but any right and power may be exercised as often as may be deemed expedient. In order to entitle the Issuer or the Bank to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, other than notice as may be herein expressly required.

(End of Article VII)

ARTICLE VIII

Miscellaneous

Section 8.1. Notices. All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered or when mailed by registered or certified mail, postage prepaid, addressed as follows:

if to the Issuer: Village of Downers Grove
801 Burlington Avenue
Downers Grove, Illinois 60515
Attention: Director of Finance

if to the Borrower: The Avery Coonley School
1400 Maple Avenue
Downers Grove, Illinois 60515
Attention: Business Manager

if to the Bank: The Northern Trust Company
4 North Washington Street
Hinsdale, Illinois 60521
Attention: Carson R. Yeager

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower to each of the others shall also be given to the Bank. The Issuer, the Borrower and the Bank, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 8.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their successors and assigns.

Section 8.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.4. Termination. Upon full payment of all principal and interest on the Bonds, payment of all expenses of the Issuer and the Bank, and the Issuer and the Borrower having performed all of their covenants and promises in this Agreement, the Assignment, the Bonds, the Note, the Bond Purchase Agreement, the Tax Certificate and the Bond Ordinance:

- (a) This Agreement shall terminate and neither the Issuer nor the Bank shall thereafter have any rights hereunder except as otherwise expressly provided herein and, saving and excepting those that shall have theretofore vested; and
- (b) The Issuer shall cause the Note to be canceled and delivered to the Borrower; and
- (c) Any moneys remaining in the Bond Fund or any other trust fund or account under the Bond Ordinance after payment in full of the Bonds (or provision for the payment thereof

having been made and set aside in accordance with the Bond Ordinance and to the satisfaction of the Bank) and after payment of the fees, charges and expenses of the Bank in accordance with the Bond Ordinance and this Agreement shall belong to the Borrower and shall be paid to the Borrower by the Bank; and

(d) The Bank shall deliver the cancelled Note to the Borrower.

Section 8.5. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to payment in full of all principal installments thereof (or provision for the payment thereof having been made in accordance with the provisions of the Bond Ordinance), this Agreement and the Note may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bank.

Section 8.6. Execution Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.7. Immunity of Incorporators, Officers, Directors and Employees. No recourse shall be had on any obligation, covenant or agreement in this Agreement against the Issuer or any past, present or future officer, commissioner, member, agent, employee or trustee of the Issuer, or any successor corporation either directly or indirectly, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, commissioners, members, agents, employees or trustee as such is hereby expressly waived and released as a condition of and consideration for the delivery of this Agreement and the issuance of the Bonds.

Section 8.8. Applicable Law. This Agreement shall be governed exclusively by and construed in accordance with the internal laws, but not the conflict of law rules, of the State of Illinois.

Section 8.9. No Partnership or Joint Venture. The Borrower acknowledges and agrees that in no event shall the Issuer or the Bank be deemed to have any legal relationship with the Borrower other than in their capacity as a lender, including, without limitation, in connection with the Loan or the Project or on account of either of them becoming a mortgagee in possession or exercising any rights pursuant to any instrument or document securing any portion of the Loan or on account of the manner provided in the Note for the payment of interest or otherwise. Additionally, the Borrower covenants and agrees that it will not take any action or assert or maintain any position at any time inconsistent with the foregoing.

(End of Article VIII)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their respective duly authorized officers, all as of the date first above written.

VILLAGE OF DOWNERS GROVE, ILLINOIS

(SEAL)

By: _____
Mayor

Attest:

Village Clerk

THE AVERY COONLEY SCHOOL

By: _____
Business Manager

EXHIBIT A

THIS PROMISSORY NOTE HAS NOT BEEN
REGISTERED UNDER THE SECURITIES ACT OF 1933.

PROMISSORY NOTE

\$4,000,000

December 29, 2004

FOR VALUE RECEIVED, the undersigned, THE AVERY COONLEY SCHOOL, an Illinois not-for-profit corporation, and its successors and assigns (the "Borrower"), promises to pay to the order of the VILLAGE OF DOWNERS GROVE, ILLINOIS (the "Issuer") or its assignees the principal sum of FOUR MILLION AND 00/100 DOLLARS (\$4,000,000), payable with respect to principal and interest in accordance with Schedule I attached hereto (the "Financing Schedule"), as such Financing Schedule shall be adjusted as described herein.

Interest on the Note will accrue from the date of issuance to, but not including, December 1, 2014 (the "Initial Rate Adjustment Date"), at a rate equal to ____% per annum. If the Interest Rate is reset by the Bank on December 1, 2014, interest on the Notes will accrue at the Interest Rate from December 1, 2014 to, but not including, December 1, 2019. If the Interest Rate is reset by the Bank on December 1, 2019, interest on the Notes will accrue at the Interest Rate from December 1, 2019 to, but not including, December 1, 2024.

The "Interest Rate" is the rate per annum equal to 70% of the sum of The Northern Match Cost Rate plus 120 basis points on the date the Interest Rate is determined. "The Northern Match Cost Rate" is the Bank's internal cost of funds determined by the Bank on a daily basis. The Interest Rate will be determined on the date of issuance of the Notes and on each Rate Adjustment Date.

Interest on the unpaid principal of the Notes shall be payable monthly on the first day of each month commencing on February 1, 2005. Interest on the Notes shall be computed on the basis of the actual number of days elapsed in a 360-day year. Principal on the Note shall be payable monthly on the first day of each month commencing on February 1, 2007 to and including the Maturity Date. For the period from the date of issuance to the Initial Rate Adjustment Date, principal and interest will be payable in accordance with the amounts as provided in the Financing Schedule attached hereto as Schedule I. The Financing Schedule reflecting payments of interest and principal shall be adjusted on each prepayment date or Rate Adjustment Date by the Bank to provide for level debt service and such revised Financing Schedule shall be delivered by the Bank to the Borrower and the Issuer on each such prepayment date or Rate Adjustment Date.

Provided however that following a Determination of Taxability, as defined in Section 6.5 of the Agreement (as such term is hereinafter defined), the interest rate payable on this Note shall be increased to a rate per annum equal to the Interest Rate multiplied by ____ (the "Taxable Rate"). In addition, there shall be due and payable within 30 days following a Determination of

Taxability in respect of interest on this Note, an amount equal to the sum of (i) the amount of interest which would have been payable on this Note at the Taxable Rate from the Effective Date of Taxability, as defined in Section 6.5 of the Agreement (as such term is hereinafter defined), to the Determination of Taxability (the "Inclusion Period") less the amount of interest actually paid during the Inclusion Period, plus (ii) any penalties and interest in respect of Federal income taxes thereon which any and all holders of the Bonds during such Inclusion Period have incurred or estimate that they will incur by reason of such Determination of Taxability with respect to their current and past tax years. The provisions of this paragraph shall survive the payment of this Note. This Note shall bear interest on any overdue principal and interest at the Interest Rate plus two percent (2%) per annum. Both principal and interest on this Note shall be payable in immediately available funds at the principal offices of the Bank. Payments shall be applied first to costs, expenses and other sums due under the Agreement or this Note, then to payment of accrued interest and then any remainder to payment of principal. Payments hereunder shall be absolute and unconditional, with no right of set off or counterclaim irrespective of any defense.

Notwithstanding any payment schedule herein contained, the payments under this Note shall be in amounts sufficient to pay when due all payments required to be made under the Revenue Bonds (The Avery Coonley School Project), Series 2004 of the Issuer of even date herewith in the principal amount of \$4,000,000 (the "Bonds").

If a change of law occurs which reduces any deduction, credit or other allowance available to the Bank or imposes any tax upon the Bank as owners of the Bonds or increases the cost to the Bank of owning the Bonds or reduces the net after-tax yield on the Bonds to the Bank, the Borrower shall pay the Bank an amount which, on an after-tax basis, equals the tax or other cost arising because of the change of law.

This Note constitutes the Note issued under a Loan Agreement (the "Agreement") dated as of December 1, 2004, made by the Borrower to the Issuer, to which Agreement reference is hereby made for a statement of the terms and conditions on which the loan evidenced hereby was made, for a description of the circumstances under which the Borrower is entitled to be released of liability hereunder and under which there shall be credits allowed against the installments of principal, premium, if any, and interest on this Note, and for a description of the terms and conditions upon which this Note may be prepaid, in whole or in part, or its maturity accelerated, including provisions for mandatory prepayment of the entire balance unless the Issuer or its assignee elects otherwise. This Note may be prepaid by the Borrower as provided in the Agreement (i) at the option of the Borrower on January 1, 2010 and on any date thereafter, (ii) from excess Bond proceeds in the Construction Fund, or (iii) as required by the Bank upon a Determination of Taxability or on a Mandatory Put Date, in each case at 100% of the principal amount thereof, plus unpaid accrued interest.

All of the Issuer's rights and remedies under this Note are cumulative and non-exclusive. The acceptance by the Issuer of any partial payment made hereunder after the time when the principal of, premium, if any and interest become due and payable will not establish a custom or waive any rights of Issuer to enforce prompt payment hereof. Issuer's failure to require strict performance by Borrower of any provision of this Note or the Agreement shall not waive, affect or diminish any right of Issuer thereafter to demand strict compliance and performance therewith. Any waiver of an Event of Default (as defined in the Agreement) shall not suspend,

waive or affect any other Event of Default. Borrower and every endorser waive presentment, demand and protest and notice of presentment, protest, default, non-payment, maturity, release, compromise, settlement, extension or renewal of this Note, and hereby ratifies and confirms whatever Issuer may do in this regard. Borrower further waives any and all notice or demand to which Borrower might be entitled with respect to this Note by virtue of any applicable statute or law (to the extent permitted by law).

THE AVERY COONLEY SCHOOL

By: _____
Its: _____

This Note has been assigned by the Village of Downers Grove, Illinois (the "Issuer") to The Northern Trust Company (the "Bank") pursuant to the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer and the Bank.

Pay without recourse in equal payments to the order of the Bank.

VILLAGE OF DOWNERS GROVE, ILLINOIS

By: _____
Mayor

EXHIBIT B
EQUIPMENT

None.

B-1

BOND PURCHASE AGREEMENT

AGREEMENT, dated as of December __, 2004 (the "Bond Purchase Agreement"), by and among the Village of Downers Grove, Illinois, a municipal corporation and home rule unit of local government organized under and pursuant to the Constitution and laws of the State of Illinois (the "Issuer"), The Avery Coonley School, Inc., an Illinois not-for-profit corporation (the "Borrower") and The Northern Trust Company (the "Bank").

SECTION 1. Representations and Warranties.

Issuer represents and warrants that:

1.1. Authority. Its representations and warranties contained in the Loan Agreement (together with the Promissory Note dated December 29, 2004 of the Borrower called the "Loan Agreement") dated as of December 1, 2004, by and between the Issuer and the Borrower are true and correct as of the closing date and further represents that the execution and delivery of this Bond Purchase Agreement, the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer and the Bank (the "Assignment") and the Revenue Bonds (The Avery Coonley School Project), Series 2004 (the "Bonds"), issued pursuant to an Ordinance (the "Bond Ordinance") passed by the Mayor and Village Council of the Issuer on December 21, 2004, are within its authority and have been duly authorized and executed by proper proceedings and are enforceable by their terms and will not contravene any provision of applicable law or of any judgment, action, decree, agreement or instrument binding on it; and that the Bond Ordinance has been adopted by the Issuer and is in full force and effect without amendment thereto.

1.2. Use of Proceeds. The proceeds of the sale of the Bonds will be used as provided in the Loan Agreement and the Bond Ordinance. The proceeds of the sale of the Bonds will not be used for any purpose other than as provided in the Loan Agreement and the Bond Ordinance.

1.3. Litigation and Governmental Authorization. There is no action or proceeding pending, or to the knowledge of the Issuer, threatened by or against the Issuer before any court or administrative agency which might adversely affect the authority or ability of the Issuer to perform its obligations under the Loan Agreement, this Bond Purchase Agreement, the Assignment or the Bonds. All authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Issuer in connection with the execution and delivery of the Loan Agreement, the Assignment, this Bond Purchase Agreement and the Bonds or in connection with the carrying out by the Issuer of its obligations under the Loan Agreement, the Assignment, this Bond Purchase Agreement and the Bonds have been obtained.

1.4. Limited Obligations. Notwithstanding anything herein or in the Bonds to the contrary, any obligation of the Issuer hereunder or under the Bonds shall not constitute an indebtedness, a loan of credit or an obligation of the Issuer within the meaning of any constitutional or statutory provision and shall not be deemed to be a general obligation or indebtedness of the Issuer or any municipality, nor payable in any manner from funds raised by taxation, but shall be a special and limited obligation of the Issuer and shall be payable solely from proceeds derived from

the Loan Agreement and Note and any other revenues arising out of or in connection with the financing of the Project as provided in the Loan Agreement and the Bond Ordinance.

SECTION 2. Representations and Warranties of Borrower.

Borrower represents and warrants that:

2.1. Authority. Its representations and warranties contained in the Loan Agreement are true and correct as of the closing date and further represents that the execution and delivery of this Bond Purchase Agreement and the Loan Agreement, are within its authority and have been duly authorized by proper proceedings and will not contravene any provision of the Articles of Incorporation or By-Laws of the Borrower or any applicable law or of any judgment, action, decree, agreement or instrument binding on it.

2.2. Use of Proceeds. The proceeds of the sale of the Bonds will be used as provided in the Loan Agreement and the Bond Ordinance. The proceeds of the sale of the Bonds will not be used for any purpose other than as provided in the Loan Agreement and the Bond Ordinance.

2.3. Litigation and Governmental Authorization. There is no action or proceeding pending, or to the knowledge of the Borrower, threatened by or against the Borrower before any court or administrative agency which might materially adversely affect the authority or ability of the Borrower to perform its obligations under the Loan Agreement or this Bond Purchase Agreement. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of the Loan Agreement or this Bond Purchase Agreement or in connection with the carrying out by the Borrower of its obligations under the Loan Agreement or this Bond Purchase Agreement have been obtained.

SECTION 3. The Bonds.

3.1. Issuance of Bonds. The Bank agrees, upon the terms and subject to the conditions contained in this Bond Purchase Agreement, to purchase from the Issuer, and the Issuer agrees to issue and sell to the Bank, the Bonds in the principal amount of \$4,000,000 at a purchase price equal to \$_____, which purchase price shall be paid in immediately available funds. The purchase price shall be paid by the Bank and such payment shall be evidenced to the Issuer by a written receipt of the Bank. The Bonds shall be designated "Revenue Bonds (The Avery Coonley School Project), Series 2004," shall be dated the date of issuance thereof, and shall be substantially in the form set forth in, and subject to the terms and provisions of, the Bond Ordinance.

3.2. Closing. The purchase of the Bonds shall take place at the offices of Ungaretti & Harris LLP or at such other place as shall be agreed upon and on a date not later than December 29, 2004 (the "Closing Date") or such later date as shall be consented to by the Issuer, the Borrower and the Bank.

3.3. Conditions of Purchase of the Bonds. As conditions precedent to the obligation of the Bank to purchase the Bonds, (a) the Borrower shall provide to the Bank on the Closing Date, in form and substance satisfactory to the Bank:

(i) a written opinion or opinions of counsel to the Borrower dated the Closing Date and addressed to the Bank;

(ii) the written opinion of Ungaretti & Harris LLP, bond counsel, dated the Closing Date and addressed to the Bank;

(iii) the written opinion of counsel to the Issuer, dated the Closing Date and addressed to the Bank;

(iv) a certificate signed by a duly authorized officer of the Borrower, dated the Closing Date and stating that:

(A) the representations and warranties contained in Section 2.2 of the Loan Agreement are true and correct on and as of the Closing Date as though made on such date; and

(B) no Event of Default (as such term is defined in the Loan Agreement) has occurred and is continuing, or would result from the execution, delivery or performance of this Bond Purchase Agreement, the Loan Agreement, the Note or any other document, certificate or instrument executed and delivered in connection with the issuance and sale of the Bonds (collectively, the "Related Documents");

(v) evidence of the due authorization, execution and delivery by the parties thereto of the Related Documents;

(vi) certified copies of the Articles of Incorporation and by-laws of the Borrower;

(vii) a good standing certificate of the Borrower certified by the Secretary of State of the State of Illinois;

(viii) a copy of Ordinances of the Board of Trustees of the Borrower and all other necessary corporate approvals, if any, certified as of the Closing Date by the Secretary or Assistant Secretary of the Borrower, authorizing, among other things, the execution, delivery and performance by the Borrower of the Related Documents to which it is a party;

(ix) true and correct copies of all governmental approvals, if any, necessary for the Borrower to execute, deliver and perform the Related Documents to which it is a party;

(x) evidence that the Borrower has received all consents and other approvals from creditors necessary for the Borrower to execute, deliver and perform the Related Documents;

(xi) a certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Related Documents to which the Borrower is a party;

(xii) certified copies of documents evidencing all necessary action taken by the Issuer to authorize the execution and delivery of the Bonds, the Loan Agreement, this Bond Purchase Agreement and the Assignment;

(xiii) evidence that the Issuer shall have duly executed, issued and delivered the Bonds to each respective Bank and the Bond registrar thereof shall have duly authenticated the Bonds and delivered the Bonds against payment;

(xiv) evidence of filing or simultaneous filing of completed Uniform Commercial Code financing statements from the Borrower, in such forms and places as the Bank shall require;

(xv) evidence of insurance meeting or exceeding the requirements set forth herein and in the Loan Agreement;

(xvi) executed originals of each of the Related Documents, the Bonds and the Assignment and such other documents, certificates and opinions as bond counsel and the Bank may reasonably request;

(b) no law, regulation, ruling or other action of the United States or the State of Illinois or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling their obligations under this Agreement or purchasing the Bonds; and

(c) all legal requirements provided herein incident to the execution, delivery and performance of the Related Documents, the Bonds and the Assignment and the transactions contemplated thereby, shall be reasonably satisfactory to bond counsel and the Bank.

The receipt by the Issuer of payment by the Bank of the total purchase price of the Bonds under Section 3.1 shall be deemed to be a representation and warranty by the Issuer as to the facts specified in subsection (c) above and by the Borrower as to the facts specified in (b) and (c) above that said facts are true as of the receipt of the aforesaid purchase price.

SECTION 4. Covenants.

4.1. The Issuer and the Borrower each reaffirms to the Bank its covenants and agreement contained in the Loan Agreement, and that the same shall be true on and as of the Closing Date with the same effect as though such covenants and agreements had been on and as of the Closing Date.

4.2. The Bank acknowledges that in purchasing the Bonds they are not relying on any representations of the Issuer with respect to the financial quality of the Bonds. The Bank is relying solely on statements and representations of the Borrower, the representations and warranties of the Issuer contained in the Loan Agreement and on their own knowledge and investigation of the facts and circumstances relating to the purchase of the Bonds and hereby waive any claims that they may have against the Issuer or the members of the governing body of the Issuer arising out of any action such governing body has taken or should have taken in the authorization, issuance or sale of the Bonds or with respect to any statement or representation made by the Issuer, its officers, trustees, agents and employees, in connection with the sale of the Bonds.

4.3. The Bank acknowledges that their business is that of a commercial bank. In connection with their respective businesses, the Bank holds extensive portfolios of investments and other securities. The Bank has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing the Bonds. The Bonds may be lawfully acquired as an investment of the Bank.

4.4. The Issuer has made available to the Bank during the course of the transaction and prior to the purchase of the Bonds the opportunity to ask questions and receive answers from such parties concerning the terms and conditions of the Bonds offering and to obtain any additional information relative to the financial data and business of such parties, to the extent that such parties possess such information or can acquire it without unreasonable effort or expense.

4.5. The Bank understands that the Bonds have not been registered under the Securities Act of 1933, as amended, and that such registration is not legally required. The Bank represents that they are purchasing the Bonds for investment for their own account and not with the present view of transferring the Bonds or any portion of it in such a manner that would require registration under the Securities Act of 1933, as amended.

SECTION 5. Miscellaneous.

5.1. Limitation. Anything in this Bond Purchase Agreement to the contrary notwithstanding, no officers, members, agents, employees, successors and assigns of the Issuer shall be personally liable on this Bond Purchase Agreement or any contract or obligation executed pursuant hereto. No recourse shall be had for the payment of the principal of and interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Ordinance or the Bond Purchase Agreement against any past, present or future officer, member, agent, employee or trustee of the Issuer, or any officer, member, employee or trustee of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, agent, employee or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Ordinance or the Bond Purchase Agreement and the issuance of the Bonds.

5.2. Notices. All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given when the same are (i) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, or (ii) delivered, in

each case, to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

(a) if to the Issuer, at 801 Burlington Avenue, Downers Grove, Illinois 60515, Attention: Director of Finance;

(b) if to the Bank: Northern at 4 North Washington Street, Hinsdale, Illinois 60521, Attention: Carson R. Yeager; and

(c) to the Borrower at 1400 Maple Street, Downers Grove, Illinois 60515, Attention: Business Manager.

5.3. Term of Bond Purchase Agreement. The term of this Bond Purchase Agreement shall be until the termination of the Bank's obligation to purchase the Bonds hereunder or until the payment in full of the Bonds and any other amounts due to the Bank under the Loan Agreement, whichever is later.

5.4. Copies of Certificates, etc. Whenever the Issuer is required to deliver notices, certificates, opinions, statements or other information hereunder to the Bank, it shall do so in such number of copies as the Bank shall reasonably specify.

5.5. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.6. Governing Law. This Bond Purchase Agreement and the Bonds shall be deemed to be a contract made under and shall be construed in accordance with and governed by the internal laws, but not the conflicts of law rules, of the State of Illinois.

5.7. Changes, Waivers, etc. Neither this Bond Purchase Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

5.8. Counterparts. This Bond Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

5.9. Successors and Assigns. Whenever any party hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All the covenants, promises and agreements made by or on behalf of the Issuer, the Borrower or the Bank in the Bond Purchase Agreement, shall bind and inure to the benefit of their respective successors and assigns.

IN WITNESS WHEREOF, the Issuer has caused this Bond Purchase Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officer and the Bank has caused this Bond Purchase Agreement to be executed, all as of the date first above written.

VILLAGE OF DOWNERS GROVE, ILLINOIS

By _____
Mayor

(SEAL)

Attest:

Village Clerk

THE NORTHERN TRUST COMPANY

By _____
Its _____

IN WITNESS WHEREOF, the Borrower has caused this Bond Purchase Agreement to be executed in its corporate name by its duly authorized officer, all as of the date first above written.

THE AVERY COONLEY SCHOOL

By _____
Its _____

By _____
Its _____

BOND PURCHASE AGREEMENT

AGREEMENT, dated as of December __, 2004 (the "Bond Purchase Agreement"), by and among the Village of Downers Grove, Illinois, a municipal corporation and home rule unit of local government organized under and pursuant to the Constitution and laws of the State of Illinois (the "Issuer"), The Avery Coonley School, Inc., an Illinois not-for-profit corporation (the "Borrower") and The Northern Trust Company (the "Bank").

SECTION 1. Representations and Warranties.

Issuer represents and warrants that:

1.1. Authority. Its representations and warranties contained in the Loan Agreement (together with the Promissory Note dated December 29, 2004 of the Borrower called the "Loan Agreement") dated as of December 1, 2004, by and between the Issuer and the Borrower are true and correct as of the closing date and further represents that the execution and delivery of this Bond Purchase Agreement, the Assignment and Agreement dated as of December 1, 2004, by and between the Issuer and the Bank (the "Assignment") and the Revenue Bonds (The Avery Coonley School Project), Series 2004 (the "Bonds"), issued pursuant to an Ordinance (the "Bond Ordinance") passed by the Mayor and Village Council of the Issuer on December 21, 2004, are within its authority and have been duly authorized and executed by proper proceedings and are enforceable by their terms and will not contravene any provision of applicable law or of any judgment, action, decree, agreement or instrument binding on it; and that the Bond Ordinance has been adopted by the Issuer and is in full force and effect without amendment thereto.

1.2. Use of Proceeds. The proceeds of the sale of the Bonds will be used as provided in the Loan Agreement and the Bond Ordinance. The proceeds of the sale of the Bonds will not be used for any purpose other than as provided in the Loan Agreement and the Bond Ordinance.

1.3. Litigation and Governmental Authorization. There is no action or proceeding pending, or to the knowledge of the Issuer, threatened by or against the Issuer before any court or administrative agency which might adversely affect the authority or ability of the Issuer to perform its obligations under the Loan Agreement, this Bond Purchase Agreement, the Assignment or the Bonds. All authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Issuer in connection with the execution and delivery of the Loan Agreement, the Assignment, this Bond Purchase Agreement and the Bonds or in connection with the carrying out by the Issuer of its obligations under the Loan Agreement, the Assignment, this Bond Purchase Agreement and the Bonds have been obtained.

1.4. Limited Obligations. Notwithstanding anything herein or in the Bonds to the contrary, any obligation of the Issuer hereunder or under the Bonds shall not constitute an indebtedness, a loan of credit or an obligation of the Issuer within the meaning of any constitutional or statutory provision and shall not be deemed to be a general obligation or indebtedness of the Issuer or any municipality, nor payable in any manner from funds raised by taxation, but shall be a special and limited obligation of the Issuer and shall be payable solely from proceeds derived from

the Loan Agreement and Note and any other revenues arising out of or in connection with the financing of the Project as provided in the Loan Agreement and the Bond Ordinance.

SECTION 2. Representations and Warranties of Borrower.

Borrower represents and warrants that:

2.1. Authority. Its representations and warranties contained in the Loan Agreement are true and correct as of the closing date and further represents that the execution and delivery of this Bond Purchase Agreement and the Loan Agreement, are within its authority and have been duly authorized by proper proceedings and will not contravene any provision of the Articles of Incorporation or By-Laws of the Borrower or any applicable law or of any judgment, action, decree, agreement or instrument binding on it.

2.2. Use of Proceeds. The proceeds of the sale of the Bonds will be used as provided in the Loan Agreement and the Bond Ordinance. The proceeds of the sale of the Bonds will not be used for any purpose other than as provided in the Loan Agreement and the Bond Ordinance.

2.3. Litigation and Governmental Authorization. There is no action or proceeding pending, or to the knowledge of the Borrower, threatened by or against the Borrower before any court or administrative agency which might materially adversely affect the authority or ability of the Borrower to perform its obligations under the Loan Agreement or this Bond Purchase Agreement. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of the Loan Agreement or this Bond Purchase Agreement or in connection with the carrying out by the Borrower of its obligations under the Loan Agreement or this Bond Purchase Agreement have been obtained.

SECTION 3. The Bonds.

3.1. Issuance of Bonds. The Bank agrees, upon the terms and subject to the conditions contained in this Bond Purchase Agreement, to purchase from the Issuer, and the Issuer agrees to issue and sell to the Bank, the Bonds in the principal amount of \$4,000,000 at a purchase price equal to \$ _____, which purchase price shall be paid in immediately available funds. The purchase price shall be paid by the Bank and such payment shall be evidenced to the Issuer by a written receipt of the Bank. The Bonds shall be designated "Revenue Bonds (The Avery Coonley School Project), Series 2004," shall be dated the date of issuance thereof, and shall be substantially in the form set forth in, and subject to the terms and provisions of, the Bond Ordinance.

3.2. Closing. The purchase of the Bonds shall take place at the offices of Ungaretti & Harris LLP or at such other place as shall be agreed upon and on a date not later than December 29, 2004 (the "Closing Date") or such later date as shall be consented to by the Issuer, the Borrower and the Bank.

3.3. Conditions of Purchase of the Bonds. As conditions precedent to the obligation of the Bank to purchase the Bonds, (a) the Borrower shall provide to the Bank on the Closing Date, in form and substance satisfactory to the Bank:

(i) a written opinion or opinions of counsel to the Borrower dated the Closing Date and addressed to the Bank;

(ii) the written opinion of Ungaretti & Harris LLP, bond counsel, dated the Closing Date and addressed to the Bank;

(iii) the written opinion of counsel to the Issuer, dated the Closing Date and addressed to the Bank;

(iv) a certificate signed by a duly authorized officer of the Borrower, dated the Closing Date and stating that:

(A) the representations and warranties contained in Section 2.2 of the Loan Agreement are true and correct on and as of the Closing Date as though made on such date; and

(B) no Event of Default (as such term is defined in the Loan Agreement) has occurred and is continuing, or would result from the execution, delivery or performance of this Bond Purchase Agreement, the Loan Agreement, the Note or any other document, certificate or instrument executed and delivered in connection with the issuance and sale of the Bonds (collectively, the "Related Documents");

(v) evidence of the due authorization, execution and delivery by the parties thereto of the Related Documents;

(vi) certified copies of the Articles of Incorporation and by-laws of the Borrower;

(vii) a good standing certificate of the Borrower certified by the Secretary of State of the State of Illinois;

(viii) a copy of Ordinances of the Board of Trustees of the Borrower and all other necessary corporate approvals, if any, certified as of the Closing Date by the Secretary or Assistant Secretary of the Borrower, authorizing, among other things, the execution, delivery and performance by the Borrower of the Related Documents to which it is a party;

(ix) true and correct copies of all governmental approvals, if any, necessary for the Borrower to execute, deliver and perform the Related Documents to which it is a party;

(x) evidence that the Borrower has received all consents and other approvals from creditors necessary for the Borrower to execute, deliver and perform the Related Documents;

(xi) a certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Related Documents to which the Borrower is a party;

(xii) certified copies of documents evidencing all necessary action taken by the Issuer to authorize the execution and delivery of the Bonds, the Loan Agreement, this Bond Purchase Agreement and the Assignment;

(xiii) evidence that the Issuer shall have duly executed, issued and delivered the Bonds to each respective Bank and the Bond registrar thereof shall have duly authenticated the Bonds and delivered the Bonds against payment;

(xiv) evidence of filing or simultaneous filing of completed Uniform Commercial Code financing statements from the Borrower, in such forms and places as the Bank shall require;

(xv) evidence of insurance meeting or exceeding the requirements set forth herein and in the Loan Agreement;

(xvi) executed originals of each of the Related Documents, the Bonds and the Assignment and such other documents, certificates and opinions as bond counsel and the Bank may reasonably request;

(b) no law, regulation, ruling or other action of the United States or the State of Illinois or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling their obligations under this Agreement or purchasing the Bonds; and

(c) all legal requirements provided herein incident to the execution, delivery and performance of the Related Documents, the Bonds and the Assignment and the transactions contemplated thereby, shall be reasonably satisfactory to bond counsel and the Bank.

The receipt by the Issuer of payment by the Bank of the total purchase price of the Bonds under Section 3.1 shall be deemed to be a representation and warranty by the Issuer as to the facts specified in subsection (c) above and by the Borrower as to the facts specified in (b) and (c) above that said facts are true as of the receipt of the aforesaid purchase price.

SECTION 4. Covenants.

4.1. The Issuer and the Borrower each reaffirms to the Bank its covenants and agreement contained in the Loan Agreement, and that the same shall be true on and as of the Closing Date with the same effect as though such covenants and agreements had been on and as of the Closing Date.

4.2. The Bank acknowledges that in purchasing the Bonds they are not relying on any representations of the Issuer with respect to the financial quality of the Bonds. The Bank is relying solely on statements and representations of the Borrower, the representations and warranties of the Issuer contained in the Loan Agreement and on their own knowledge and investigation of the facts and circumstances relating to the purchase of the Bonds and hereby waive any claims that they may have against the Issuer or the members of the governing body of the Issuer arising out of any action such governing body has taken or should have taken in the authorization, issuance or sale of the Bonds or with respect to any statement or representation made by the Issuer, its officers, trustees, agents and employees, in connection with the sale of the Bonds.

4.3. The Bank acknowledges that their business is that of a commercial bank. In connection with their respective businesses, the Bank holds extensive portfolios of investments and other securities. The Bank has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing the Bonds. The Bonds may be lawfully acquired as an investment of the Bank.

4.4. The Issuer has made available to the Bank during the course of the transaction and prior to the purchase of the Bonds the opportunity to ask questions and receive answers from such parties concerning the terms and conditions of the Bonds offering and to obtain any additional information relative to the financial data and business of such parties, to the extent that such parties possess such information or can acquire it without unreasonable effort or expense.

4.5. The Bank understands that the Bonds have not been registered under the Securities Act of 1933, as amended, and that such registration is not legally required. The Bank represents that they are purchasing the Bonds for investment for their own account and not with the present view of transferring the Bonds or any portion of it in such a manner that would require registration under the Securities Act of 1933, as amended.

SECTION 5. Miscellaneous.

5.1. Limitation. Anything in this Bond Purchase Agreement to the contrary notwithstanding, no officers, members, agents, employees, successors and assigns of the Issuer shall be personally liable on this Bond Purchase Agreement or any contract or obligation executed pursuant hereto. No recourse shall be had for the payment of the principal of and interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Ordinance or the Bond Purchase Agreement against any past, present or future officer, member, agent, employee or trustee of the Issuer, or any officer, member, employee or trustee of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, agent, employee or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Ordinance or the Bond Purchase Agreement and the issuance of the Bonds.

5.2. Notices. All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given when the same are (i) deposited in the United States mail and sent by registered or certified mail, postage prepaid, return receipt requested, or (ii) delivered, in

each case, to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

(a) if to the Issuer, at 801 Burlington Avenue, Downers Grove, Illinois 60515, Attention: Director of Finance;

(b) if to the Bank: Northern at 4 North Washington Street, Hinsdale, Illinois 60521, Attention: Carson R. Yeager; and

(c) to the Borrower at 1400 Maple Street, Downers Grove, Illinois 60515, Attention: Business Manager.

5.3. Term of Bond Purchase Agreement. The term of this Bond Purchase Agreement shall be until the termination of the Bank's obligation to purchase the Bonds hereunder or until the payment in full of the Bonds and any other amounts due to the Bank under the Loan Agreement, whichever is later.

5.4. Copies of Certificates, etc. Whenever the Issuer is required to deliver notices, certificates, opinions, statements or other information hereunder to the Bank, it shall do so in such number of copies as the Bank shall reasonably specify.

5.5. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.6. Governing Law. This Bond Purchase Agreement and the Bonds shall be deemed to be a contract made under and shall be construed in accordance with and governed by the internal laws, but not the conflicts of law rules, of the State of Illinois.

5.7. Changes, Waivers, etc. Neither this Bond Purchase Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

5.8. Counterparts. This Bond Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

5.9. Successors and Assigns. Whenever any party hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All the covenants, promises and agreements made by or on behalf of the Issuer, the Borrower or the Bank in the Bond Purchase Agreement, shall bind and inure to the benefit of their respective successors and assigns.

IN WITNESS WHEREOF, the Issuer has caused this Bond Purchase Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officer and the Bank has caused this Bond Purchase Agreement to be executed, all as of the date first above written.

VILLAGE OF DOWNERS GROVE, ILLINOIS

By _____
Mayor

(SEAL)

Attest:

Village Clerk

THE NORTHERN TRUST COMPANY

By _____
Its _____

IN WITNESS WHEREOF, the Borrower has caused this Bond Purchase Agreement to be executed in its corporate name by its duly authorized officer, all as of the date first above written.

THE AVERY COONLEY SCHOOL

By _____
Its _____

By _____
Its _____

ASSIGNMENT AND AGREEMENT

ASSIGNMENT AND AGREEMENT (the "Assignment") dated as of December 1, 2004, by and between the Village of Downers Grove, Illinois, a municipal corporation and home rule unit of local government organized under and pursuant to the Constitution and laws of the State of Illinois (the "Issuer") and The Northern Trust Company, a banking corporation duly organized under the laws of the State of Illinois (the "Bank").

1. The Issuer hereby assigns, transfers and conveys to the Bank and its successors as security for the due and punctual payment of the principal of and interest on its Revenue Bonds (The Avery Coonley School Project), Series 2004 (the "Bonds") in the principal amount of \$4,000,000 issued by the Issuer pursuant to an Ordinance passed by its governing body on December 21, 2004 (the "Bond Ordinance") and all sums due under the documents relating to the Project as hereinafter defined, all of its right, title and interest in, and including without limitation its rights to payment of any and all amounts which may become due under (i) the Loan Agreement dated as of December 1, 2004 (the "Loan Agreement"), by and between the Issuer and The Avery Coonley School, an Illinois not-for-profit corporation (the "Borrower") (except certain rights relating to indemnification and reimbursement of the Issuer pursuant to Sections 6.4 and 7.5 of the Loan Agreement and the right to receive notices and reports, the right to consent to amendments to the Loan Agreement and other documents to which the Issuer is a party, to disapprove investments which are not authorized by law for the investment of public funds and the right to enforce the above), which Loan Agreement relates to the financing by the Issuer of certain facilities described in the Loan Agreement (the "Project"); (ii) the Promissory Note of the Borrower to the Issuer dated December 29, 2004 (the "Note"); and (iii) any and all other instruments, documents or collateral given by the Borrower to the Issuer to evidence or secure the aforesaid Note or Loan Agreement ("other collateral"); together with all rights and remedies granted to the Issuer pursuant to the foregoing instruments and documents. The parties hereto acknowledge that all payments made by the Borrower under the Loan Agreement (except as aforesaid) and on the Note shall be made to the Bank, as the owner of the Bonds, or any other owner of the Bonds, on behalf of the Issuer for the payment of the principal installments of, premium, if any, and interest on the Bonds, pursuant to the endorsement of the Note to the Bank by the Issuer, and the assignment and pledge hereby of the right, title and interest of the Issuer in and to the Loan Agreement and the Note, except as otherwise provided herein. The Issuer hereby directs the Bank, to deposit in the Bond Fund (as created in Section 7 of the Bond Ordinance), if it is established or to credit to the Bank all amounts paid as payments of the principal of or interest on the Note, to be applied solely and only to the payment of principal of, premium, if any, and interest on the Bonds.

2. The Bank acknowledges receipt of an executed counterpart of the Loan Agreement, the Note and certified copies of the Bond Ordinance and the Bank, agrees to hold and disburse all funds which it may receive pursuant to the Loan Agreement, the Note or the Bond Ordinance in accordance with the applicable provisions thereof. The Bank, accepts its responsibilities with respect to the Construction Fund as created in Section 5 of the Bond Ordinance and with respect to the Bond Fund as created in Section 7 of the Bond Ordinance and the Rebate Fund as created in Section 9 of the Bond Ordinance, if established. Disbursements from the Bond Fund, the Rebate Fund and the Construction Fund shall only be made in accordance with the applicable provisions of the Loan Agreement, the Tax Compliance Certificate of the Borrower dated the date of the issuance of the

Bonds (the "Tax Certificate") and the Bond Ordinance. The Bank further agrees to perform such other duties and obligations as are specifically set forth herein and in the Loan Agreement, the Note and the Bond Ordinance. In the performance of such duties and obligations, the Bank may rely and shall be protected in acting or refraining from acting on any instrument believed by the Bank to be genuine and to have been filed or presented by the proper party or parties. The Bank shall not be liable for any action taken or omitted to be taken by the Bank in good faith and believed by the Bank to be authorized hereby or by the Loan Agreement, the Note or the Bond Ordinance, nor for any action taken or omitted to be taken by the Bank in accordance with the advice of its attorney.

3. The Bank, is hereby authorized and directed to promptly apply amounts available therefor in the Bond Fund to the payment or prepayment of principal and interest, fees and other expenses, if any, due and owing on the Bonds in the manner contemplated by the Bond Ordinance. Upon request by the Borrower or the Issuer, the Bonds shall be available for inspection by the Borrower or the Issuer at the offices of the Bank: Northern at 4 North Washington Street, Hinsdale, Illinois 60521, Attention: Carson R. Yeager.

4. The Issuer represents and warrants that it has not assigned or pledged the rights of the Issuer under the Loan Agreement, the Note and other collateral assigned hereby other than hereunder and in the Bond Ordinance and the Issuer represents and warrants that the rights of the Issuer under the Loan Agreement and the Note are owned by the Issuer, free and clear of any lien, charge, mortgage, pledge, security interest or encumbrances.

5. Pursuant to the Loan Agreement, the Borrower is to notify the Bank and the Issuer promptly of all amounts proposed to be prepaid by the Borrower under the Loan Agreement and the Note and the Issuer hereby authorizes and directs the Bank to note on the Bonds the amounts so prepaid.

6. If an Event of Default as defined in the Loan Agreement shall occur and be continuing, the Bank, without obligation to resort to any other security, at their own expense or the expense of the Borrower, shall have the right at any time and from time to time, in their sole discretion, to enforce the rights and remedies specified in Article VII of the Loan Agreement, the Note and the other collateral pledged and assigned hereunder, and to take any and all action which, in the judgment of the Bank, is necessary or appropriate to enforce the rights under the Loan Agreement, the Note and the other collateral. Upon any such enforcement of rights under the Loan Agreement and the Note, after deducting all reasonable costs and expenses of every kind of the Bank and the Issuer, including attorney's fees, from the proceeds of any recovery, the Bank shall apply any residue to the payment of any liabilities of the Issuer on the Bonds, all as provided in the Bond Ordinance. The balance, if any, remaining after payment in full of all the liabilities of the Issuer on the Bonds shall be paid to the Borrower.

7. The remedies provided herein shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity.

8. During the term of this Assignment, unless compliance shall have been waived in writing by the Bank, the Issuer agrees:

(a) it will deliver to the Bank copies of any documents delivered to the Borrower under the Loan Agreement, the Note and the other collateral; and

(b) it will not consent to or agree to any modifications of the Loan Agreement, the Note or the other collateral or waive any of the terms thereof without the prior written consent of the Bank.

9. Notwithstanding the foregoing provisions of this Assignment, the Bank understands and agrees that the obligations of the Issuer to make payments of principal of and interest on the Bonds are special limited obligations of the Issuer payable solely and only out of the revenue and receipts to be derived under the Loan Agreement, the Note and the other collateral and that the Bonds and the obligation to pay interest thereon do not constitute an indebtedness or a loan of credit of the Issuer, the State of Illinois or of any political subdivision thereof, or a charge against their general credit or taxing powers, within the meaning of any constitutional or statutory provision of the State of Illinois.

10. No delay on the part of the Bank in exercising any of its options, powers or rights, or any partial or single exercise thereof, shall constitute a waiver thereof.

11. The Issuer agrees that it will from time to time at the Bank's reasonable request, execute and deliver such instruments of further assurance with respect to the assignment, pledge and security interest provided for in this Assignment as the Bank may specify. Upon request of the Bank, the Issuer agrees to execute a financing statement under the Uniform Commercial Code of Illinois or any other document the filing of which, in the judgment of the Bank, is necessary or desirable to establish and protect its security interest in such revenues and receipts and the rights of the Issuer under the Loan Agreement, the Note and the other collateral assigned to the Bank pursuant to this Assignment. Upon the payment in full of the principal of and interest on the Bonds, payment of all expenses of the Issuer and the Bank, and the Issuer and the Borrower having performed all of their respective covenants and promises in the Loan Agreement, this Assignment, the Bonds and the Note, the Bank will cancel the Bonds, deliver the Bonds to the Issuer and deliver a copy of the cancelled Bonds to the Borrower. Upon the termination of this Assignment, the Bank will execute and deliver to the Issuer all releases and other instruments reasonably requested by the Issuer for the purpose of evidencing the release and discharge of the liens and security interests evidenced by this Assignment.

12. No recourse shall be had on any obligation, covenant or agreement in this Assignment against the Issuer or any past, present or future officer, member, agent, employee or trustee of the Issuer, or any successor, either directly or indirectly, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, agents, employees or trustees as such is hereby expressly waived and released as a condition of and consideration and delivery of this Assignment.

13. Any notice or demand upon the Issuer shall be deemed to have been sufficiently given or served for all purposes thereof if delivered, or mailed by registered or certified mail, postage prepaid, return receipt requested, and to the Issuer at 801 Burlington Avenue, Downers Grove, Illinois 60515, Attention: Director of Finance; or delivered, or mailed by registered or certified mail,

postage, return receipt requested, to the Bank: Northern at 4 North Washington Street, Hinsdale, Illinois 60521, Attention: Carson R. Yeager.

14. This Assignment, including the rights, duties and obligations of the Bank hereunder, shall be governed by and construed in accordance with the internal laws, but not the conflicts of law rules, of the State of Illinois.

15. In the event any provision of this Assignment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

16. This Assignment may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, this Issuer has caused this Assignment to be executed in its corporate name and its corporate seal to be herewith affixed and attested by its duly authorized officer and the Bank has caused this Assignment to be executed in their respective corporate names and their respective corporate seals to be herewith affixed, all as of the date first above written.

**VILLAGE OF DOWNERS GROVE,
ILLINOIS**

By: _____
Mayor

(SEAL)

Attest:

Village Clerk

Accepted this 29th day of December, 2004

THE NORTHERN TRUST COMPANY

By: _____
Its: _____

EXHIBIT A

DESCRIPTION OF PROJECT SITE

The Project Site consists of the real property of the Borrower located at 1400 Maple Street, Downers Grove, Illinois.