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TRUST INDENTURE

Dated as of September 1, 1998

between

ILLINOIS EDUCATIONAL FACILITIES AUTHORITY

and

LASALLE NATIONAL BANK,  
as Trustee

\$8,970,000 Illinois Educational Facilities Authority Revenue  
Bonds, MJH Education Assistance Illinois I LLC, Series 1998C

and

\$1,285,000 Illinois Educational Facilities Authority Revenue  
Bonds, MJH Education Assistance Illinois I LLC, Series 1998D

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## TRUST INDENTURE

THIS TRUST INDENTURE dated as of the first day of September, 1998 (hereinafter, together with any amendments hereto, sometimes referred to as this or the "Indenture"), by and between the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY, a public instrumentality duly created and existing under the laws of the State of Illinois (the "Authority"), and LASALLE NATIONAL BANK, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its principal office in Chicago, Illinois, as trustee (the "Trustee");

### WITNESSETH:

WHEREAS, the Authority is a body politic and corporate, being a public instrumentality created by the Illinois Educational Facilities Authority Act, Public Act 76-1810 of the General Assembly of the State of Illinois (said Public Act as from time to time amended being hereinafter called the "Act"); and

WHEREAS, the Authority is authorized under the Act, among other things, to finance and refinance the cost of educational facilities used by private institutions of higher education (as such terms are defined in the Act) by making loans to participating institutions (as defined in the Act) through the purchase of their securities, to issue bonds for the purpose of obtaining funds for such loans and purchases, such bonds to be secured by a pledge of such securities and to be payable solely out of the payments made by such institutions thereon, and to enter into a trust agreement providing for the issuance of such bonds and for their payment and security; and

WHEREAS, MJH Education Assistance Illinois I LLC, an Illinois limited liability company that is a not for profit organization (the "Institution"), desires to provide financial assistance to DePaul University, an Illinois not for profit corporation (the "University") and a private institution of higher education (as defined in the Act), by purchasing and renovating certain facilities listed in Exhibit C to the Mortgage (the "Projects") and leasing the Projects to the University for use by it for its educational purposes; and

WHEREAS, as a consequence of providing such financial assistance to the University, the Institution is a participating institution (as defined in the Act); and

WHEREAS, the Institution desires to (a) finance the acquisition and renovation of the Projects, (b) provide for the payment of a portion of the interest on the Bonds, (c) fund a debt service reserve fund for the benefit of the Bonds and (d) pay certain costs relating to the issuance of the Bonds, all as permitted by the Act; and

WHEREAS, the Institution desires to achieve the foregoing by borrowing funds from the Authority through the issuance and sale to the Authority of (a) its First Mortgage Note, Series 1998C (the "Series 1998C Note"), in the principal amount of \$8,970,000, which will evidence the loan of the proceeds of the Series 1998C Bonds (as hereinafter defined) from the Authority to the Institution and which will be a limited recourse obligation of the Institution payable solely and only from the sources described therein, and (b) its First Mortgage Note, Series 1998D (the

"Series 1998D Note" and, collectively with the Series 1998C Note, the "Notes"), in the principal amount of \$1,285,000, which will evidence the loan of the proceeds of the Series 1998D Bonds (as hereinafter defined) from the Authority to the Institution and which will be a general unlimited obligation of the Institution, each issued under and secured by the Loan Agreement, Mortgage and Security Agreement dated as of September 1, 1998 (the "Mortgage"), between the Institution and the Authority; and

WHEREAS, it has been determined that in order to obtain such funds to lend to the Institution, the Authority will issue (a) \$8,970,000 in aggregate principal amount of its Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998C (the "Series 1998C Bonds"), and (b) \$1,285,000 in aggregate principal amount of its Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998D (the "Series 1998D Bonds" and, collectively with the Series 1998C Bonds, the "Bonds"), under this Indenture; and

WHEREAS, the Authority has been advised that a substantial reduction in the interest cost payable by the Authority with respect to the Bonds and by the Institution with respect to the Notes will result if the Bond Insurance Policy is obtained from the Bond Insurer (each as hereinafter defined) insuring (a) the regularly scheduled payment of principal of and interest on the Bonds as and when due (excluding optional redemption, extraordinary optional redemption or acceleration) and (b) the mandatory redemption of Bonds pursuant to Section 501(f), Section 501(g) or Section 501(h) of the Indenture, and

WHEREAS, the Series 1998C Bonds and the Series 1998D Bonds and the Trustee's certificates of authentication to be endorsed thereon are to be in substantially the respective forms attached hereto as *Exhibit A* and *Exhibit B* with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds hereunder have been in all respects duly and validly authorized by a resolution duly passed and approved by the Authority;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That in order to secure the payment of the principal of and interest and premium, if any, on the Bonds to be issued under this Indenture according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions herein and in said Bonds contained, and in order to declare the terms and conditions upon which the Bonds are issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners (as defined herein) thereof, and for and in consideration of the mutual covenants herein contained, of the acceptance by the Trustee of the trust hereby created, and of the purchase and acceptance of the Bonds by the Owners thereof, the Authority has executed and delivered this Indenture, and by these presents does hereby convey, assign, pledge and grant a security interest in and unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personal, hereinafter described said property being herein referred to as the "Trust Estate":

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## GRANTING CLAUSES

### DIVISION I

The Notes, which have been endorsed by the Authority to the order of the Trustee, and all sums payable in respect of the indebtedness evidenced thereby;

### DIVISION II

All right, title and interest of the Authority in and to (a) the Mortgage and the Mortgaged Property (including the real estate described in *Exhibit G* hereto), other than the Unassigned Rights, and (b) the Estoppel Certificate;

### DIVISION III

All rights, title and interest of the Authority in and to all cash and securities held in the funds and accounts established hereunder and all other property pledged to the Trustee as security hereunder; and

### DIVISION IV

All other property of any kind conveyed, transferred, mortgaged, pledged, assigned or hypothecated at any time as and for additional security hereunder in favor of the Trustee, which is hereby authorized to receive all such property at any time and to hold and apply it subject to the terms hereof;

### EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Indenture amounts held by the Trustee in the Rebate Fund (as defined in Article I hereof);

TO HAVE AND TO HOLD the same unto the Trustee, and its successor or successors and its or their assigns, forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Bonds to be issued hereunder, and premium, if any, payable upon redemption or prepayment thereof, and the interest payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Indenture, and for the equal and ratable benefit and security of all and singular the Owners of all Bonds issued hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond or as between principal and interest, and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall

from time to time be or become the Owners thereof, and the trusts and conditions upon which the pledged moneys and revenues are to be held and disbursed, are as follows:

## ARTICLE I

### DEFINITIONS

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

"Act" means the Illinois Educational Facilities Authority Act (Public Act 76-1810 of the General Assembly of the State of Illinois effective October 9, 1969), as heretofore and hereafter amended.

"Additional Bonds" means additional revenue bonds that may, under certain circumstances described in Section 210 hereof, be issued by the Authority pursuant to this Indenture.

"Additional Notes" means additional mortgage notes that may, under certain circumstances described in Section 2.36 of the Mortgage, be issued by the Institution pursuant to the Mortgage.

"Additional Secured Indebtedness" means additional Indebtedness of the Institution secured by a Lien on the Mortgaged Property, other than Additional Notes, that may, under certain circumstances described in Section 2.36 of the Mortgage, be issued by the Institution.

"Adjusted Book Value" means, with respect to Property of the Institution as of any date, the value of such Property as reflected on the most recent audited financial statements of the Institution that have been prepared in accordance with generally accepted accounting principles, adjusted to reflect the value of such Property prior to any accounting for depreciation.

"Adjusted Loss Amount" means an amount equal to the sum of (i) \$100,000 and (ii) \$100,000 multiplied by the percentage increase in the Construction Index from September 1, 1998 to the date of calculation.

"Authority" means the Illinois Educational Facilities Authority, a body politic and corporate constituting a public instrumentality created and existing under and by virtue of the Act, and its successors and assigns.

"Authority's Accountants" means Anthes & Associates, Ltd., 105 West Orchard Street, Itasca, Illinois 60143, Attention: Jeff Pruyn, or such other accountants as may from time to time be appointed as the accountants for the Authority.

"Authorized Denomination" means \$5,000 and any integral multiple thereof.



"Authorized Officer" means: (a) in the case of the Authority, its Chairman, Vice Chairman or Executive Director; (b) in the case of the Institution, the Chairman or the Secretary of its sole member, MJH Education & Healthcare Assistance Foundation, a California nonprofit public benefit corporation (the "Foundation"), or any other officer of the Foundation duly authorized by the Foundation; (c) in the case of the University, its Chairman of the Board of Trustees, its President, its Vice President for Business and Finance, its Treasurer, or any other officer of the University duly authorized by the University; and (d) in the case of the Trustee, any Vice President, any Assistant Vice President and any Trust Officer and any other person authorized by or pursuant to the by-laws of the Trustee or a resolution of the Board of Directors of the Trustee.

"Bonds" means, collectively, the Series 1998C Bonds and the Series 1998D Bonds. If the Bonds are held in a book-entry only system, any reference to the Bonds shall, if it is appropriate in the context in which the term is used, be a reference to the beneficial ownership interests in the Bonds.

"Bond Counsel" means Chapman and Cutler, Chicago, Illinois, or any other nationally recognized municipal bond attorney or firm of municipal bond attorneys approved by the Authority and acceptable to the Trustee.

"Bondholder" or "Owner" or "Owner of the Bonds" means the registered owner of any fully registered Bond.

"Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Bond Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, and its successors and assigns, and any surviving, resulting or transferee corporation.

"Bond Register" means the registration books of the Authority kept by the Trustee to evidence the registration and transfer of the Bonds.

"Bond Registrar" means the Trustee when acting as such in accordance with Sections 208 and 910 hereof.

"Bond Sinking Fund" means the Fund established by Section 404 hereof.

"Book Value," when used with respect to Property of the Institution, means the value of such Property as reflected in the most recent audited financial statements of the Institution which have been prepared in accordance with generally accepted accounting principles.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks located in the State of Illinois are required or authorized to remain closed or other day on which the New York Stock Exchange is closed.



"Code" means the Internal Revenue Code of 1986, as amended, or any successor sections of a subsequent income tax statute or code, including the regulations, rulings and proclamations promulgated and proposed thereunder or under the predecessor code.

"Completion Certificate" means the certificate delivered by an Authorized Officer of the Institution with respect to the Projects pursuant to Section 302(C) of this Indenture.

"Construction Agency Agreement" means the Construction Agency Agreement dated as of September 1, 1998, between the Institution and the University, and all amendments and supplements thereto.

"Construction Index" means the most recent issue of the "Dodge Manual for Building Construction Pricing and Scheduling" with reference to Chicago, Illinois or, if such Index is no longer published, such other index as is certified to be comparable and appropriate by an Authorized Officer of the Institution in a certificate delivered to the Trustee, which other index is acceptable to the Bond Insurer.

"Cost" means any "cost" within the meaning of the Act incurred with respect to the Projects.

"Cost of Issuance Fund" means the Fund established by Section 406 hereof.

"Costs of Issuance" means (a) payment of all reasonable costs incurred by the Institution in connection with the issuance of the Bonds including, but not limited to, legal and accounting fees and expenses, printing expenses, financial consultants' fees, bond insurance premium, financing charges (including underwriting fees and discounts), printing and engraving costs, the fees and expenses of the Rating Agencies, preparation of financing statements, preparation of any disclosure document and any other documents necessary for the issuance of the Bonds; and (b) payment of the fees and reasonable expenses of the Trustee, the Authority and any Bond Registrar and the reasonable expenses of their counsel properly incurred under or in connection with the issuance of the Bonds.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state of the United States of America and, without limitation, may include legal counsel for the Authority, the Institution or the Trustee.

"Debt Service Reserve Fund" means the Fund established by Section 405 hereof.

"Debt Service Reserve Fund Requirement" means the maximum amount of interest coming due on the Bonds in the current or any succeeding Fiscal Year of the Institution.

"Default" or "event of default" means (a) with respect to the Indenture, any of those events defined as events of default by Section 801 of this Indenture and (b) with respect to the Mortgage, any of those events defined as events of default by Section 5.1 of the Mortgage.

*"Determination of Taxability"* means a determination that the interest payable on any Bond is includible for federal income tax purposes in the gross income of the Owner thereof by reason of such Bond being an "arbitrage bond" within the meaning of Section 148 of the Code, which determination shall be deemed to have been made with respect to a Bond upon the occurrence of the first of the following events: (a) the date on which the Institution determines that the interest payable on such Bond is includible for federal income tax purposes in the gross income of the Owners thereof by reason of such Bond being an "arbitrage bond" within the meaning of Section 148 of the Code; (b) the date on which the Internal Revenue Service issues any private ruling, technical advice or any other substantially equivalent written communication to the effect that the interest payable on such Bonds is includible for federal income tax purposes in the gross income of the Owners thereof by reason of such Bond being an "arbitrage bond" within the meaning of Section 148 of the Code; (c) the date on which the Institution shall receive notice from the Trustee in writing that the Trustee has been advised in writing by the Owner of such Bond that the Internal Revenue Service has issued a 30-day letter or other formal written determination (a copy of which shall have been provided by such Owner to the Trustee) which asserts that the interest payable on such Bond is includible for federal income tax purposes in the gross income of the Owners thereof by reason of such Bond being an "arbitrage bond" within the meaning of Section 148 of the Code; or (d) the date on which the Trustee receives written notice that the Institution has taken any action or has failed to take any action the effect of which is to cause the interest payable on such Bond to become includible for federal income tax purposes in the gross income of the Owners thereof by reason of such Bond being an "arbitrage bond" within the meaning of Section 148 of the Code; provided, however, that in the event of a good faith appeal, contest or the filing with the Internal Revenue Service of a request for ruling or other advice initiated by the Institution within 60 days after the earlier of the dates referred to in clauses (b), (c) or (d) hereof no Determination of Taxability shall be deemed to have occurred until the date upon which all such appeals, contests, or requests pursued with due diligence by the Institution have been exhausted.

*"DTC"* means The Depository Trust Company, New York, New York, and any successor corporation.

*"DTC Participant"* means those broker-dealers, banks and other financial institutions reflected on the books of DTC as holding beneficial interests in the Bonds.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

*"Estoppel Certificate"* means the Tenant Estoppel Certificate and Attornment Agreement dated as of September 1, 1998, among the Institution, the University and the Authority, and all amendments and supplements thereto.

*"Fiscal Year"* means any twelve month period beginning on July 1 of any calendar year and ending on June 30 of the following calendar year, or any other twelve month period selected by the Institution as the fiscal year of the Institution.

*"Fund"* means any of the funds established pursuant to this Indenture.

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

"*Government Securities*" means (a) direct obligations of the United States of America or any agency or instrumentality of the United States of America, (b) obligations on which the timely payment of principal and interest is fully guaranteed by the United States of America or any agency or instrumentality of the United States of America, (c) evidences of a direct ownership interest in amounts payable upon any of the obligations set forth in (a) or (b) of this definition, (d) certificates of deposit of, time deposits in, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, which certificates of deposit, time deposits, or obligations are fully insured by the Federal Deposit Insurance Corporation or a similar federal agency or (e) shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of this State or any other state or under the laws of the United States of America, provided those shares or securities are fully insured by the Federal Deposit Insurance Corporation or a similar federal agency.

"*Indebtedness*" means (a) all indebtedness of the Institution for borrowed money or that has been incurred in connection with the acquisition of assets, excluding, however, indebtedness incurred in connection with a gift, bequest or devise of Property that is secured by a Lien on such Property and liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to any other Property of the Institution and (b) the capitalized value of the liability under any lease of Property which is properly capitalized on the balance sheet of the Institution in accordance with generally accepted accounting principles consistently applied.

"*Indenture*" means this instrument as originally executed or as it may from time to time be amended or supplemented pursuant to Article X hereof.

"*Institution*" means MJH Education Assistance Illinois I LLC, an Illinois limited liability company, and its successors and assigns and any surviving, resulting or transferee organization permitted by Section 2.7 of the Mortgage.

"*Institution Project Certificate*" means the Institution Certificate Regarding the Institution Financed Property and Expenditure of Funds dated the date of issuance of the Bonds and delivered by the Institution with respect to certain tax matters relating to the Bonds.

"*Insurance Trustee*" means United States Trust Company of New York, New York, New York, or any successor thereto under the Bond Insurance Policy.

"*Interest Fund*" means the Fund established by Section 403 hereof.

"*Irrevocable Deposit*" means, with respect to any Funded Indebtedness or portion thereof, an irrevocable deposit in trust with a corporate trustee or other escrow agent of cash (or Government Securities the principal of and interest on which will be) sufficient to pay when due the principal of, premium, if any, and interest on such Funded Indebtedness or portion thereof so

as to cause such Funded Indebtedness or portion thereof to no longer be deemed outstanding in accordance with its terms.

"*Lien*" means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Institution in favor of, or which secures any obligation to, any Person.

"*Maximum Annual Debt Service Requirement*" means the maximum amount of principal (whether at maturity or by mandatory sinking fund redemption) and interest coming due on any Funded Indebtedness of the Institution in the current or any succeeding Fiscal Year of the Institution; *provided, however*, that in making such determination:

(a) if the terms of such Funded Indebtedness are such that the interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate per annum or a fixed rate per annum based on a varying index, or any other rate that is not then susceptible of precise determination, then interest on such Funded Indebtedness shall be calculated by assuming that the rate of interest thereon is equal to the greater of (i) the average rate of interest that was borne by such Funded Indebtedness, or if such Funded Indebtedness was not then outstanding, that would have been borne by such Funded Indebtedness had it been outstanding, during the then most recent period of twelve consecutive full months and (ii) the actual rate of interest then borne by such Funded Indebtedness; and

(b) the amount of principal and interest payable on any Funded Indebtedness in any Fiscal Year of the Institution shall be reduced by any amount which will be released during such Fiscal Year from any debt service reserve fund securing such Funded Indebtedness as a result of the amortization of such Funded Indebtedness in such Fiscal Year or a prior Fiscal Year.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "*Moody's*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Institution, and acceptable to the Authority.

"*Mortgage*" means the Loan Agreement, Mortgage and Security Agreement dated as of September 1, 1998, between the Institution and the Authority relating to the Notes, and all amendments and supplements thereto.

"*Mortgaged Property*" means the Property described in the Granting Clauses of the Mortgage, which is subject to the Lien of the Mortgage as security for the Notes.

"*Net Proceeds*", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all



expenses (including attorneys' fees and any expenses of the Trustee and the Authority) incurred in connection with the collection of such gross proceeds.

"Notes" means, collectively, the Series 1998C Note and the Series 1998D Note.

"Officer's Certificate" means a certificate of the Authority signed by an Authorized Officer of the Authority or by any other person(s) designated by resolution of the Authority to act for any of the foregoing, either generally or with respect to the execution of any particular document or other specific matter, a certified copy of which resolution shall be filed with the Trustee.

"Official Statement" means the Official Statement dated October 1, 1998 of the Authority, the Institution and the University prepared in connection with the issuance and sale of the Bonds.

"Opinion of Bond Counsel" means an opinion of Chapman and Cutler, Chicago, Illinois, or of any other firm of nationally recognized municipal bond attorneys acceptable to the Authority and the Trustee.

"Outstanding" or "Bonds Outstanding" means all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

- (a) Bonds delivered to the Trustee for cancellation in accordance with the provisions of this Indenture;
- (b) Bonds deemed paid as provided in Section 1201 hereof (other than subsection (f) thereof); and
- (c) Bonds in lieu of which others have been authenticated under Section 205, 207 or 208 hereof.

"Paying Agent" means the bank or banks, if any, designated pursuant to Sections 910 and 1406 hereof to receive and disburse the principal of and interest on any Bonds.

"Permitted Encumbrances" means the Indenture, the Mortgage, the Project Lease, the Estoppel Certificate and, as of any particular time:

- (a) leases which relate to Property of the Institution which is of a type that is customarily the subject of such leases, such as office space for educational institutions, food service facilities, or other services; leases of Property for any valid educational purpose; and leases, licenses or similar rights to use Property to which the Institution is a party existing as of the date of issuance of the Bonds, and any renewals and extensions thereof;
- (b) Liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 2.11 of the Mortgage;

(c) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(d) any mechanic's, laborer's, materialman's, supplier's or vendor's Lien (including any purchase money security interest in equipment, as defined in the Illinois Uniform Commercial Code) or right in respect thereof if payment is not yet due under the contract in question or if such Lien is being contested in accordance with the provisions of Section 2.11 of the Mortgage;

(e) such Liens, defects, irregularities of title and encroachments on adjoining Property as normally exist with respect to Property similar in character to the Property involved and which do not materially impair the Property affected thereby for the purpose for which it was acquired or is held by the Institution;

(f) zoning laws and similar restrictions which are not violated by the Property affected thereby;

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

(h) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Institution shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(i) Liens existing as of the date of issuance of the Bonds described in *Exhibit E* hereto;

(j) such Liens, covenants, conditions and restrictions, if any, which do not secure Indebtedness and which are other than those of the type referred to above, and which do not materially impair or materially interfere with the operation or usefulness of the Property affected thereby for the purpose for which it was acquired or is held by the Institution;

(k) any Lien on Property the Adjusted Book Value of which, when aggregated with the Adjusted Book Value of all other Property encumbered by Liens incurred pursuant to this subparagraph (k), does not exceed 10% of the Adjusted Book Value of the Property of the Institution; and

(l) the Second Mortgage; and

(m) a Lien on the Mortgaged Property securing Additional Secured Indebtedness issued in accordance with the provisions of the Mortgage.



"*Person*" means any natural person, firm, association, corporation, limited liability company or public body.

"*Preliminary Official Statement*" means the Preliminary Official Statement of the Authority, the Institution and the University dated September 22, 1998, prepared in connection with the offering, issuance and sale of the Bonds.

"*Proceeds*" means, with respect to the Bonds, (a) if the first offering price of the Bonds, excluding accrued interest, is equal to or greater than 98% of the aggregate principal amount of the Bonds, an amount equal to the original aggregate principal amount of the Bonds, and (b) if the first offering price of the Bonds, excluding accrued interest, is less than 98% of the original aggregate principal amount of the Bonds, such first offering price.

"*Project Consultant*" means any architect, engineer or firm of architects or engineers selected by the Institution and licensed by, or permitted to practice in, the State of Illinois, which architect, engineer or firm of architects or engineers shall have no interest, direct or indirect, in the Institution and, in the case of an individual shall not be a member, trustee, officer or employee of the Institution and, in the case of a firm, shall not have a partner, member, trustee, officer or employee who is a member, trustee, officer or employee of the Institution unless, in any such case, such relationship shall have been disclosed and acknowledged in accordance with any applicable conflict of interest policy of the Institution; it being understood that an arms-length contract with the Institution for the performance of service shall not be regarded as creating an interest in or an employee relationship with such entity.

"*Project Fund*" means the Fund by that name established by Section 302 of this Indenture.

"*Project Lease*" means the Lease Agreement dated as of September 1, 1998 between the Institution, as lessor, and the University, as lessee, including all amendments and supplements thereto, pursuant to which the Institution leases the Projects to the University.

"*Project Period*" means the period beginning on the date of delivery of the Bonds and ending on the date of delivery of the Completion Certificate referred to in Section 302(C) hereof.

"*Projects*" means the financing, refinancing or reimbursement, directly or indirectly, in whole or in part, of the acquisition and renovation of certain educational facilities by the Institution, as more fully described in Exhibit C to the Mortgage.

"*Property*" means any and all rights, title and interests in and to any and all assets, whether real or personal, tangible or intangible and wherever situated.

"*Qualified Investments*" means (a) direct obligations of the United States of America or any agency or instrumentality of the United States of America, (b) obligations on which the timely payment of principal and interest is fully guaranteed by the United States of America or any agency or instrumentality of the United States of America, (c) evidences of a direct ownership interest in amounts payable upon any of the obligations set forth in (a) or (b) of this

definition, (d) obligations of the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Federal National Mortgage Association and Government National Mortgage Association, (e) certificates of deposit or time deposits, or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, provided, that investments may be made only in those certificates of deposit or time deposits which are fully insured by the Federal Deposit Insurance Corporation or similar federal agency or which are fully collateralized by obligations described in (a) or (b) of this definition, (f) shares, securities, withdrawable capital accounts or deposits of State or federal chartered savings and loan associations which are fully insured by the Federal Deposit Insurance Corporation or similar federal agency or which are fully collateralized by obligations described in (a) or (b) of this definition, (g) money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of investments of any such money market mutual funds is limited to obligations described in (a) or (b) of this definition and to agreements to repurchase those obligations, (h) repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 subject to the provisions of that Act and the regulations issued thereunder or (i) any other obligations or investments approved by the Authority and the Bond Insurer, including any obligations or investments approved by the Bond Insurer and listed from time to time on the Authority's Qualified Investment Register (the "Qualified Investment Register") maintained by the Authority and filed by the Authority with the Trustee (a copy of which as it exists on the date of execution of this Indenture and which has been approved by the Bond Insurer is set forth on *Exhibit F* attached hereto). The Authority reserves the right to withdraw its approval of, or add to, or change the investments listed on its Qualified Investment Register, including withdrawing its approval of, adding to, or changing the investments described in *Exhibit F* attached hereto. Any such changes to the Qualified Investment Register may require the Trustee to liquidate an investment which no longer complies with the Qualified Investment Register. In the event that the Authority (x) withdraws its approval of any investments listed on its Qualified Investment Register, (y) approves any additional investments for inclusion on its Qualified Investment Register or (z) otherwise changes any of the investments on its Qualified Investment Register, the Authority shall deliver to the Trustee a written certificate executed by an Authorized Officer of the Authority detailing the investments so withdrawn, approved or changed and stating either that such investments are no longer considered to be "Qualified Investments" for purposes of this Indenture and the Mortgage or that such investments, as so revised, if applicable, are to be considered "Qualified Investments" for purposes of the Indenture and the Mortgage in accordance with any terms, conditions or restrictions set forth in such certificate; provided, however, that any such changes to the Qualified Investment Register must be approved by the Bond Insurer before the same are considered "Qualified Investments" for purposes of this Indenture and the Mortgage. The Trustee shall promptly deliver a copy of any such certificate received by it to the Institution and the Bond Insurer.

"Rating Agency" means Moody's or S&P.

"Rebate Fund" means the Rebate Fund which may be created pursuant to the Tax Agreement.

"*Record Date*" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on the Bonds is due.

"*Redemption Fund*" means the Fund established pursuant to Section 407 hereof.

"*Revenue Fund*" means the Fund established by Section 402 hereof.

"*Second Mortgage*" means the Second Mortgage, Assignment of Rents and Security Agreement dated as of September 1, 1998 from the Institution to the Bond Insurer, securing the reimbursement obligation of the Institution for payments made by the Bond Insurer pursuant to the Bond Insurance Policy, including all amendments and supplements thereto.

"*Series 1998C Bonds*" means the \$8,970,000 aggregate principal amount of Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998C, issued under and secured by this Indenture.

"*Series 1998C Note*" means the \$8,970,000 principal amount First Mortgage Note, Series 1998C, of the Institution, issued under and secured by the Mortgage and pledged to the Trustee pursuant to this Indenture as security for the Series 1998C Bonds.

"*Series 1998D Bonds*" means the \$1,285,000 aggregate principal amount of Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998D, issued under and secured by this Indenture.

"*Series 1998D Note*" means the \$1,285,000 principal amount First Mortgage Note, Series 1998D, of the Institution, issued under and secured by the Mortgage and pledged to the Trustee pursuant to this Indenture as security for the Series 1998D Bonds.

"*Short-Term Indebtedness*" means Indebtedness having a final maturity or final payment date of not more than one year after the date of creation thereof and which is not renewable or extendible at the option of the obligor to a date more than one year from the date of creation thereof.

"*S&P*" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "*S&P*" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Institution, and acceptable to the Authority.

"*Tax Agreement*" means the Tax Exemption Agreement and Certificate dated the date of issuance of the Bonds, among the Institution, the Authority and the Trustee.

"*Tax-Exempt Organization*" means a Person organized under the laws of the United States of America or any state thereof (a) which is an organization described in Section 501(c)(3)

of the Code, (b) which is exempt from federal income taxes under Section 501(a) of the Code and (c) which is not a "private foundation" within the meaning of Section 509(a) of the Code.

"*The Bond Buyer*" means the publication so entitled and published in New York City, including any successor thereto.

"*Trustee*" means LaSalle National Bank, Chicago, Illinois, a national banking association with its principal corporate trust office located in Chicago, Illinois, and its successors, and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor trustee at the time serving as such hereunder.

"*Trustee's Prime Rate*" means that rate of interest per year announced from time to time by the Trustee as its "prime rate" for commercial customers.

"*Unassigned Rights*" means the rights of the Authority under the Mortgage (i) to receive financial information with respect to the Institution under Section 2.8 of the Mortgage, (ii) to indemnity under Section 2.32 of the Mortgage, (iii) to payment of its fees and expenses under Sections 2.24 and 2.36 of the Mortgage, and (iv) to execute and deliver supplements and amendments to the Mortgage and to grant waivers pursuant to Section 7.1 of the Mortgage.

"*University*" means DePaul University, an Illinois not for profit corporation, and its successors and assigns.

"*Unrelated Trade or Business*" means an unrelated trade or business of the entity under consideration within the meaning of Section 513(a) of the Code, without regard to whether such activities generate unrelated business taxable income under Section 512(a) of the Code.

"*Written Request*" with reference to the Authority shall mean a request in writing signed by an Authorized Officer of the Authority; with reference to the Institution shall mean a request in writing signed by an Authorized Officer of the Institution; and with reference to the University shall mean a request in writing signed by an Authorized Officer of the University.

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

- (a) an accounting term not otherwise defined herein shall have the meaning assigned to it in accordance with generally accepted accounting principles;
- (b) references to Articles and Sections are to the Articles and Sections of this Indenture;
- (c) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders;
- (d) unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa; and



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

## ARTICLE II

### THE BONDS

#### *Section 201. Authorization of Bonds.*

(a) *Series 1998C Bonds.* The Series 1998C Bonds are hereby authorized to be issued in a single series, designated "Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998C," in the aggregate principal amount of \$8,970,000. The Series 1998C Bonds shall be issued for the purpose of providing funds to enable the Authority to loan such funds to the Institution through the purchase of the Series 1998C Note of the Institution, as provided in the Mortgage, for the purpose of financing, refinancing and reimbursing a portion of the Costs of the Projects, providing a portion of the funds necessary to fund the Debt Service Reserve Fund and paying certain Costs of Issuance.

(b) *Series 1998D Bonds.* The Series 1998D Bonds are hereby authorized to be issued in a single series, designated Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998D, in the aggregate principal amount of \$1,285,000. The Series 1998D Bonds shall be issued for the purpose of providing funds to enable the Authority to loan such funds to the Institution through the purchase of the Series 1998D Note of the Institution, as provided in the Mortgage, for the purpose of financing, refinancing and reimbursing a portion of the Costs of the Projects, providing certain funds necessary to fund the Debt Service Reserve Fund and paying certain Costs of Issuance.

(c) *Limitations on Bonds.* No Bonds may be issued pursuant to this Indenture in addition to those authorized by this Section, except Bonds issued upon transfer or exchange pursuant to Section 208 hereof, temporary Bonds issued pursuant to Section 205 hereof and replacement Bonds issued pursuant to Section 207 hereof.

#### *Section 202. Issuance of Bonds.*

(a) *Series 1998C Bonds.* The Series 1998C Bonds shall bear interest from their date and shall be issuable as fully registered Series 1998C Bonds without coupons in any Authorized Denomination, in substantially the form attached hereto as *Exhibit A*. Each Series 1998C Bond shall bear interest on overdue principal and premium and, to the extent permitted by law, on overdue interest, at the stated rate of interest borne by such Series 1998C Bond. Unless the Authority shall otherwise direct, the Series 1998C Bonds shall be lettered and numbered from AR-1 and upward.

Each Series 1998C Bond shall be dated as of September 1, 1998, and shall bear interest from the interest payment date to which interest has been paid as of the date on which it is

authenticated or, if it is authenticated prior to the first date on which interest is to be paid, from September 1, 1998. Interest on the Series 1998C Bonds shall be payable on March 1 and September 1 of each year commencing March 1, 1999. Interest on the Series 1998C Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 1998C Bonds shall mature on September 1, 2013. The Series 1998C Bonds shall bear interest at the rate of 5.0% per annum.

(b) *Series 1998D Bonds.* The Series 1998D Bonds shall bear interest from their date and shall be issuable as fully registered Series 1998D Bonds without coupons in any Authorized Denomination, in substantially the form attached hereto as *Exhibit B*. Each Series 1998D Bond shall bear interest on overdue principal and premium and, to the extent permitted by law, on overdue interest, at the stated rate of interest borne by such Series 1998D Bond. Unless the Authority shall otherwise direct, the Series 1998D Bonds shall be lettered and numbered from BR-1 and upward.

Each Series 1998D Bond shall be dated as of September 1, 1998, and shall bear interest from the interest payment date to which interest has been paid as of the date on which it is authenticated or, if it is authenticated prior to the first date on which interest is to be paid, from September 1, 1998. Interest on the Series 1998D Bonds shall be payable on March 1 and September 1 of each year commencing March 1, 1999. Interest on the Series 1998D Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 1998D Bonds shall mature on September 1, 2013. The Series 1998D Bonds shall bear interest at the rate of 5.0% per annum.

(c) *Payment of Bonds.* The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal and premium, if any, shall be payable at the principal corporate trust office of the Trustee, in Chicago, Illinois, or of any alternate Paying Agent named in such Bonds or subsequently appointed. Payment of the interest on the Bonds on any interest payment date shall be made to the person appearing on the Bond registration books of the Authority as the Owner as of the close of business of the Trustee on the Record Date and shall be paid by (a) check or draft mailed on the applicable interest payment date to the Owner at such Owner's address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such Owner, or (b) in the case of an interest payment to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular interest payment date, by wire transfer to such Owner upon written request from such Owner, which written request shall contain the following information: the name and ABA number of the bank to receive the wire transfer, the name and account number of the account at such bank to be credited with such wire transfer and such Owner's address and which written request is received not less than 15 days prior to such interest payment date (it being understood that such request may refer to multiple interest payments), except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Owners in whose name any such Bonds



are registered at the close of business on the fifth Business Day immediately preceding the date of payment of such defaulted interest.

*Section 203. Execution; Limited Obligation.* The Bonds shall be executed on behalf of the Authority with the official manual or facsimile signature of its Chairman or Vice Chairman and attested with the official manual or facsimile signature of its Vice Chairman or Executive Director, and shall have impressed or printed thereon the corporate seal of the Authority. In case any officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, together with interest thereon, shall be limited obligations of the Authority payable solely from the payments or prepayments to be made on the Notes, from amounts payable under the Mortgage and from certain funds and accounts pledged to the Trustee under this Indenture, except funds held, or required to be deposited, in the Rebate Fund, and shall be a valid claim of the respective Owners thereof only against the moneys held by the Trustee, the payments to be made on the Notes and such other sources, which are hereby pledged and assigned for the equal and ratable payment of the Bonds, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of the provisions of the Constitution or statutes of the State of Illinois; and they do not constitute a pledge of the full faith and credit of the Authority or the State of Illinois or grant to the Owners thereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of principal of or interest on the Bonds.

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

*Section 205. Form of Bonds and Temporary Bonds.* The Series 1998C Bonds issued under this Indenture shall be substantially in the form set forth in *Exhibit A* attached hereto with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or deemed necessary by the Trustee and approved by the Authority. The Series 1998D Bonds issued under this Indenture shall be substantially in the form set forth in *Exhibit B* attached hereto with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or deemed necessary by the Trustee and approved by the Authority.

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

*Section 206. Delivery of Bonds.* Upon the execution and delivery of this Indenture, the Authority shall execute and deliver to the Trustee and the Trustee shall authenticate (i) the Series 1998C Bonds to be issued in the aggregate principal amount of \$8,970,000 and (ii) the Series 1998D Bonds to be issued in the aggregate principal amount of \$1,285,000, and in each case shall deliver them to or upon the order of the Authority as hereinafter in this Section 206 provided.

Prior to the delivery by the Trustee of any of the Bonds there shall be filed with the Trustee:

(a) A copy, duly certified by the Chairman, Vice Chairman or the Executive Director of the Authority, of the resolutions adopted and approved by the Authority authorizing the execution and delivery of the Indenture, the Mortgage, the Estoppel Certificate, the Official Statement and the Tax Agreement and the issuance and sale of the Bonds.

(b) Original executed counterparts of the Indenture, the Mortgage, the Project Lease, the Construction Agency Agreement, the Estoppel Certificate, the Institution Project Certificate, the Bond Insurance Policy and the Tax Agreement and the original executed Notes.

(c) A copy, duly certified by the Secretary or an Assistant Secretary of the Institution, of the resolution adopted by the Board of Trustees of the Institution authorizing the execution and delivery of the Notes, the Official Statement, the Mortgage, the Project Lease, the Construction Agency Agreement, the Estoppel Certificate, the Institution Project Certificate and the Tax Agreement and approving this Indenture and the Bond Insurance Policy and the issuance and sale of the Bonds.

(d) An opinion of Counsel for the Institution in form and substance satisfactory to the Authority, its Bond Counsel and the Bond Insurer.

(e) An opinion of Counsel for the University in form and substance satisfactory to the Authority, its Bond Counsel and the Bond Insurer.

(f) An Opinion of Bond Counsel in form and substance satisfactory to the Authority.

(g) An opinion of Counsel for the Authority stating that the Authority has full and lawful authority to enter into and to perform the Mortgage, the Estoppel Certificate, the Tax Agreement and this Indenture and to issue and sell the Bonds.

(h) A Written Request of the Authority to the Trustee requesting the Trustee to authenticate and deliver the Bonds upon payment to the Authority of the sum specified in such Written Request.

(i) Such other instruments, documents and showings as may be required by the Authority, the Trustee, the Bond Insurer or Bond Counsel in connection with the issuance of the Bonds.

The proceeds of the Bonds shall be paid over to the Trustee and deposited to the credit of various funds as hereinafter provided under Section 301 hereof.

*Section 207. Mutilated, Lost, Stolen or Destroyed Bonds.* In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Authority, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Trustee evidence of such loss, theft or destruction satisfactory to the Authority and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Authority may pay the same without surrender thereof. The Authority and the Trustee may charge the Owner of such Bond with their reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section 207 shall be deemed part of the original series of the Bond in respect of which it was issued and an original additional contractual obligation of the Authority.

*Section 208. Registration of Bonds; Persons Treated as Owners.* The Authority shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Authority.

Only upon surrender for transfer of any fully registered Bond at the principal corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Owner or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity for a like aggregate principal amount. Fully registered Bonds may be exchanged at such office of the Trustee for a like aggregate amount of fully registered Bonds

of the same series of other Authorized Denominations. The Trustee shall not be required to transfer or exchange any fully registered Bond during the period after the close of business on the 15th day of the calendar month next preceding any interest payment date for such Bond until such interest payment date, nor during a period of fifteen days next preceding mailing of a notice of payment, redemption or prepayment of any Bonds of the same series. Bonds surrendered for payment, redemption, or exchange and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Authority or the Institution shall be promptly cancelled and destroyed by the Trustee. The Trustee shall deliver to the Authority and the Institution a certificate of destruction in respect of all Bonds so destroyed.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of either principal or interest on or premium, if any, on any such Bond shall be made only to or upon order of the Owner thereof or such Owner's legal representative, but such registration may be changed only as hereinabove specifically provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made to the Owner of any Bond requesting an exchange, registration or transfer of any Bond but the Authority and the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer.

*Section 209. Book-Entry Only System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity of each series. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC, and except as hereinafter provided, all of the outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority, the Institution and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Authority, the Institution and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in any Bond, (ii) the delivery to any DTC Participant or any other Person, other than a Bondholder, as shown in the Bond Register, of any notice with respect to any Bonds, including without limitation any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on any Bond. Notwithstanding any other provision of this Indenture to the contrary, the Authority, the Trustee and each other Paying Agent, if any, shall be entitled to treat and consider the Person in whose name each Bond is registered in the Bond Register as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee and each other Paying Agent, if any, shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the



respective Bondholders, as shown in the Bond Register as provided in this Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Bondholder, as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to this Indenture.

The Bondholders have no right to a depository for the Bonds. The Authority or the Trustee may remove DTC or any successor thereto for any reason at any time. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Trustee and the Institution and discharging its responsibilities. The Trustee shall notify the Authority of such discontinuation of DTC's services. In such event, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer or cause the transfer of one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through DTC of Bond certificates and transfer or cause the transfer of one or more separate Bond certificates to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving Bonds shall designate, in accordance with the provisions of this Indenture.

The Authority, the Trustee and DTC will execute the Letter of Representations in connection with the issuance of the Bonds. Notwithstanding any other provision of this Indenture, so long as DTC, or its designee, is the registered owner of all Bonds, the provisions set forth in the Letter of Representations shall apply to the redemption of any Bonds and to the payment of principal of and interest on the Bonds, including without limitation, that:

(a) presentation of Bonds to the Trustee upon redemption or at maturity shall be deemed made to the Trustee when the right to exercise ownership rights in the Bonds through DTC or DTC's Participants is transferred by DTC on its books; and

(b) DTC may present notices, approvals, waivers or other communications required or permitted to be made by Bondholders under this Indenture on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the Bonds through DTC or DTC's Participants.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, the Trustee agrees to comply with the terms and provisions of the Letter of Representations attached hereto as *Exhibit C* and by this reference made a part hereof.

*Section 210. Additional Bonds.* With the consent of the Bond Insurer, the Authority may, at the request of the Institution, issue Additional Bonds pursuant to this Indenture secured on a parity basis or on a subordinated basis with the Bonds. The proceeds of any such

Additional Bonds shall be lent to the Institution through the purchase of one or more Additional Notes of the Institution issued under and secured, on a parity basis or on a subordinated basis with the Notes, by the Mortgage and the Mortgaged Property, and such Additional Bonds shall be limited obligations of the Authority payable solely from payments or prepayments on such Additional Notes, from amounts payable under the Mortgage and from certain funds and accounts pledged to the Trustee under this Indenture, all as set forth in Section 203 hereof with respect to the Bonds. The Authority, the Institution and the Trustee may make such amendments to the provisions of this Indenture and of the Mortgage as are necessary or appropriate in connection with the foregoing, with the consent of the Bond Insurer but without the consent of the Bondholders.

### ARTICLE III

#### APPLICATION OF BOND PROCEEDS

##### *Section 301. Application of Bond Proceeds.*

(a) *Series 1998C Bonds.* The Authority shall deposit with the Trustee all of the net proceeds from the sale of the Series 1998C Bonds. The Trustee shall dispose of all such proceeds as follows:

(i) the sum of \$62,291.67 representing the accrued interest on the Series 1998C Bonds, shall be deposited in the Interest Fund established under Section 403 hereof;

(ii) the sum of \$91,822.80 shall be deposited in the Cost of Issuance Fund established under Section 406 hereof;

(iii) the sum of \$448,500.00 shall be deposited in the Debt Service Reserve Fund established under Section 405 hereof;

(iv) the sum of \$353,193.75 shall be paid to the Bond Insurer, as a portion of the premium for the Bond Insurance Policy;

(v) the sum of \$7,741,618.51 shall be deposited with Near North National Title Corporation, to be applied to the purchase of the Projects; and

(vi) the balance of the proceeds of the Series 1998C Bonds (\$279,250.94) shall be deposited to the credit of the Project Fund.

(b) *Series 1998D Bonds.* The Authority shall deposit with the Trustee all of the net proceeds from the sale of the Series 1998D Bonds. The Trustee shall dispose of all such proceeds as follows:



- (i) the sum of \$8,923.61, representing the accrued interest on the Series 1998D Bonds, shall be deposited in the Interest Fund;
- (ii) the sum of \$10,889.14 shall be deposited in the Cost of Issuance Fund;
- (iii) the sum of \$64,250.00 shall be deposited in the Debt Service Reserve Fund;
- (iv) the sum of \$50,596.88 shall be paid to the Bond Insurer, as a portion of the premium for the Bond Insurance Policy;
- (v) the sum of \$1,109,027.85 shall be deposited with Near North National Title Corporation, to be applied to the purchase of the Projects; and
- (vi) the balance of the proceeds of the Series 1998D Bonds (\$42,269.13) shall be deposited to the credit of the Project Fund.

*Section 302. Creation of Project Fund; Disbursements.*

(A) *Establishment of Project Fund.* There is hereby created by the Authority and established with the Trustee a separate Fund to be known as the "Project Fund — MJH Education Assistance Illinois I LLC, Series 1998C-D Bond Issue" (the "Project Fund"). A portion of the proceeds received by the Authority upon the sale of the Bonds shall be deposited in the Project Fund in accordance with Sections 301(a)(v) and 301(b)(v) hereof. Any moneys received by the Trustee from any other source for the Projects shall be deposited in the Project Fund. The moneys in the Project Fund shall be held in trust by the Trustee, shall be applied to the payment of the Costs of the Projects, except to the extent required to be transferred to the Rebate Fund in accordance with the Tax Agreement, and pending such application shall be held as trust funds under this Indenture until paid out or transferred as provided in this Section 302.

Moneys deposited into the Project Fund shall be held in the Project Fund and disbursed as hereinafter provided.

(B) *Withdrawals.* Moneys deposited in the Project Fund shall be paid out from time to time by the Trustee in order to pay, or to reimburse the Institution for payment made, for the Costs of the Projects (including any expense of planning, financing or other services constituting a Cost of the Projects), in each case only upon receipt by the Trustee of the following (with a copy of the Written Request referred to in paragraph 1 (but without supporting documentation) below delivered to the Authority):

1. The Written Request of the Institution in substantially the form attached hereto as *Exhibit D*:

- (a) stating the item number of such Written Request, the name of the person, firm or corporation to whom each such payment is due or was paid, the address where, or the account to which, payment shall be delivered, each amount

to be paid or reimbursed, the general classification of the Costs for which each obligation to be paid was incurred, and that such Costs were incurred for or in connection with the Projects;

(b) stating that such Costs have been incurred by the Institution and are currently due and payable or have been paid by the Institution and are reimbursable hereunder and each item thereof is a proper charge against the Project Fund and has not been paid or reimbursed, as the case may be;

(c) stating that such Costs are valid "costs" of a "project" under the Act and no part thereof was included in any other Written Requests previously filed with the Trustee under the provisions hereof;

(d) stating that no mechanics' liens have been filed of record against the Projects (unless a title indemnity, bond or other security reasonably satisfactory to the Trustee has been posted to insure against such lien) and, where applicable, proper lien waivers have been received with respect to work for which payment is sought pursuant to such Written Request;

(e) stating that the amount of moneys that will remain on deposit in the Project Fund after the withdrawal in question is made plus its reasonable estimate of investment income to be earned thereon and on the other Funds to the extent such income is required to be deposited in the Project Fund and any other moneys then on hand at the Institution or committed to the Institution that are or will be available, and are anticipated by the Institution to be applied, to pay Costs of the Projects will, after payment of the amount requested in such Written Request, be sufficient to complete the Projects substantially in accordance with any construction contracts, plans and specifications and building permits therefor, if any, then in effect;

(f) stating that the necessary permits and approvals, if any, required to have been obtained as of the date of such Written Request for that portion of the Projects for which such withdrawal is to be made have been issued and are in full force and effect;

(g) stating that the withdrawal and use of the Project Fund moneys for the purpose intended will not cause any of the representations or certifications contained in the Institution Project Certificate to be untrue or result in a violation of any covenant in the Institution Project Certificate;

(h) stating that no event of default has occurred and is continuing under the Mortgage; and

(i) stating that attached to such Written Request are true and correct copies of invoices or bills of sale covering all items for which payment or reimbursement is being requested in such Written Request.

2. Copies of invoices or bills of sale covering all items for which payment is being requested in the Written Request of the Institution delivered pursuant to the foregoing subdivision 1 issued by the manufacturers, suppliers or other sellers of such items showing the Institution as the owner or purchaser thereof and evidencing that the purchase price thereof does not exceed the amount of the payment for such items set forth in such Written Request.

To the extent that the Institution leases Property from third parties (other than long-term leases (such as installment sale leases) under which the Institution is considered to be the owner of the leased Property for purposes of federal tax law), the costs thereof shall not be deemed to be Costs of the Projects and no withdrawal from the Project Fund may be made for such Costs.

(C) *Progress Reports and Completion Certificate.* The Institution shall cause to be submitted to the Authority and the Trustee quarterly progress reports, beginning January 1, 1999, concerning the components of the Projects for which Bond proceeds have been expended, showing whether the amounts actually expended therefor exceed or are less than the amounts budgeted therefor and whether such components of the Projects are proceeding on the schedule originally established therefor. In addition, if the Completion Certificate referred to below has not been delivered by September 1, 2001, the Institution shall cause to be submitted to the Authority and the Trustee a progress report concerning the components of the Projects for which Bond proceeds have been, or are expected to be, expended, covering the same matters as are described in the immediately preceding sentence.

The Institution is further required to deliver to the Authority and the Trustee within 90 days after the completion of all components of the Projects financed with Bond proceeds a Completion Certificate signed by an Authorized Officer of the Institution:

1. stating that such components of the Projects have been fully completed substantially in accordance with any plans and specifications therefor, as then amended, and the date of completion;

2. stating that such persons have made such investigation of such sources of information as are deemed by such persons to be necessary, including pertinent records of the Institution, and are of the opinion that such components of the Projects have been fully paid for and that no claim or claims exist against the Institution or against the Property of the Institution or, to the best of such persons' knowledge, against the Authority or against the Property of the Authority, out of which a lien based on furnishing labor or material for such components of the Projects exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Institution intends to contest such claim or claims, in which event such claim or claims shall be described; provided, further, however, that in such event such certificate shall state that amounts are on deposit in the Project Fund which, together with its reasonable estimate of investment income to be earned thereon and on the other Funds to the extent such income is required to be deposited into the Project Fund and any other moneys then on hand at the Institution or committed to the Institution that are or will be available, and are anticipated by the

Institution to be applied, to pay costs of the Projects, are sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims.

In the event such certificate shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Authority and the Trustee a certificate of the Institution, signed by an Authorized Officer of the Institution, stating that such claim or claims have been paid when the same has in fact occurred; and

3. stating that the withdrawal of moneys from the Project Fund and the use of the Property financed, refinanced or reimbursed therefrom will not cause any of the representations or certifications contained in the Institution Project Certificate to be untrue or result in a violation of any covenant in the Institution Project Certificate.

(D) *Disposition of Project Fund Moneys after Completion.* On the date on which the Trustee receives the Completion Certificate mentioned in subparagraph (C) of this Section 302 with respect to the components of the Projects financed with Bond proceeds and the Trustee has paid all Written Requests theretofore tendered to the Trustee under the provisions of subparagraph (B) of this Section 302, any balance of moneys in the Project Fund shall, at the option of the Institution, be (a) applied pursuant to Section 2.33 of the Mortgage to pay the "costs" of other "cultural facilities" or "educational facilities" (as such terms are defined in the Act) of the Institution, with the approval of the Authority, provided that the Institution shall have received an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity or enforceability in accordance with their terms of the Bonds or any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled, (b) withdrawn by the Trustee from the Project Fund and deposited into the Bond Sinking Fund and/or (c) applied in any other lawful manner, provided that there shall be delivered to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity or enforceability in accordance with their terms of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled. Subject to the provisions of Section 2.33 of the Mortgage, if the Institution determines not to complete any portion of the Projects for which Bond proceeds (or investment earnings thereon) are available or if the Institution elects to fund any portion of the Projects from other sources, such Bond proceeds (or investment earnings thereon) must be used (a) to pay costs of the remaining portions of the Projects, provided that the Institution certifies to the Authority and the Trustee that such use will not cause the average maturity of the Projects being financed, refinanced or reimbursed with proceeds of the Bonds (or investment earnings thereon), (b) to pay, pursuant to Section 2.33 of the Mortgage, the costs of other cultural facilities or educational facilities qualifying under the Act, with the approval of the Authority, provided that the Institution shall have received an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity or enforceability in accordance with their terms of any Bonds or any exemption from federal income taxation to which interest on the Bonds would otherwise be entitled, (c) to prepay principal of the Notes and to redeem principal of the Bonds in accordance with the provisions of the Mortgage and this Indenture or (d) in any other lawful manner, provided that there shall be delivered to the Trustee and the Authority an Opinion of



Bond Counsel to the effect that such application will not adversely affect the validity or enforceability in accordance with their terms of the Bonds or any exemption from federal income taxation to which the interest on the Bonds would otherwise be entitled.

(E) *Investment of Project Fund Moneys.* Subject to the provisions of Section 408 of this Indenture, moneys at any time on deposit in the Project Fund shall, by oral instruction from the Institution followed promptly by written confirmation, be invested or reinvested by the Trustee in Qualified Investments maturing, redeemable or marketable at such time or times so that the Trustee will be able to pay the Costs of the Projects from time to time upon the request of the Institution as herein provided; provided that the Trustee shall be entitled to rely upon a schedule of anticipated payments of construction and equipment costs approved by the Institution in scheduling such investments. Any interest or profit on such investments shall be credited to, and any losses on such investments shall be charged against, the subaccount of the Project Fund in which such investments are held. The Trustee shall not be obligated to invest any moneys held by it hereunder except as directed by the Institution, but shall as soon as practicable inform the Institution and the Authority of any amounts that remain uninvested but are eligible for investment in Qualified Investments. The Trustee may sell or present for redemption any obligations so purchased (i) whenever it shall be necessary in order to provide moneys to meet any payment pursuant to this Section 302 and (ii) whenever any such obligation shall no longer be a Qualified Investment, and the Trustee shall not be liable or responsible for any loss resulting from such investments. Notwithstanding any other provisions of this Article, all investment earnings shall be subject to the provisions of the Tax Agreement.

#### ARTICLE IV

#### REVENUES AND FUNDS

*Section 401. Source of Payment of Bonds.* The Bonds herein authorized and all payments to be made by the Authority hereunder are not general obligations of the Authority but are limited obligations payable solely from the payments on the Notes, from amounts payable under the Mortgage and from certain funds and accounts pledged to the Trustee under the Indenture, as authorized by the Act and as provided herein. The Authority may, from time to time, accept moneys from the United States of America, from the State of Illinois or any of its political subdivisions or from any department, agency or instrumentality of the foregoing, for the purpose of aiding the Authority in the payment of principal and interest and premium, if any, on the Bonds. Such funds shall be paid over to the Trustee, and the Authority shall give appropriate notice thereof to the Institution and the Trustee.

*Section 402. Revenue Fund.* The Trustee shall establish and maintain so long as any of the Bonds are Outstanding a separate Fund to be known as the "Revenue Fund - MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Revenue Fund"). Pursuant to Section 3.1(b) of the Project Lease, the University has agreed to make all payments of rentals under the Project Lease directly to the Trustee. The Trustee shall deposit such rental payments into the Revenue Fund, and disburse them as hereinafter provided.



The Trustee shall apply moneys from time to time on deposit in the Revenue Fund on the following dates and in the following order of priority:

(a) four Business Days prior to each March 1 and September 1, commencing March 1, 1999, the Trustee shall transfer from the Revenue Fund to the Interest Fund an amount equal to the difference between (i) the amount of interest to become due on the Bonds on such interest payment date and (ii) the amount of moneys already on deposit in the Interest Fund and not allocated to the payment of interest on the Bonds due on any earlier interest payment date;

(b) four Business Days prior to September 1, 2013, the Trustee shall transfer from the Revenue Fund to the Bond Sinking Fund an amount equal to the difference between (i) the amount of principal to become due on the Bonds on such principal payment date and (ii) the amount of moneys already on deposit in the Bond Sinking Fund and not allocated to the payment of principal of the Bonds due on any earlier principal payment date; and

(c) after making the transfers referred to in subparagraphs (a) and (b) above, the Trustee shall apply any moneys in the Revenue Fund remaining from a particular rental payment under the Project Lease as follows (in the order listed): (i) to pay amounts from time to time due and owing by the Institution under Section 2.24 of the Mortgage, and (ii) ten Business Days prior to the next succeeding March 1 or September 1, to pay any balance thereof to the Institution.

*Section 403. Interest Fund.* The Trustee shall establish and maintain so long as any of the Bonds are Outstanding a separate Fund to be known as the "Interest Fund — MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Interest Fund"), to the credit of which deposits are to be made as required by the provisions of paragraphs (a)(i) and (b)(i) of Section 301 hereof. Pursuant to Section 402(a) hereof, the Trustee shall deposit moneys into the Interest Fund from the Revenue Fund four Business Days prior to each March 1 and September 1, commencing March 1, 1999. All payments of interest on the Notes (other than prepayments), as and when received by the Trustee, shall be deposited in the Interest Fund. In addition, there may be deposited into the Interest Fund investment earnings on moneys held in the Funds established under this Indenture, as provided in Section 408 hereof. Moneys in the Interest Fund shall be used by the Trustee to pay interest on the Bonds as it becomes due.

*Section 404. Bond Sinking Fund.* The Trustee shall establish and maintain so long as any of the Bonds are Outstanding a separate Fund to be known as the "Bond Sinking Fund — MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Bond Sinking Fund"). Pursuant to Section 402(b) hereof, the Trustee shall deposit moneys into the Bond Sinking Fund from the Revenue Fund four Business Days prior to September 1, 2013. All payments of principal on the Notes (other than prepayments) shall be deposited as and when received by the Trustee in the Bond Sinking Fund. In addition, there may be deposited into the Bond Sinking Fund investment earnings on moneys held in the Funds established under this Indenture, as provided in Section 408 hereof. Moneys deposited in the Bond Sinking Fund pursuant to the

foregoing provisions shall be used by the Trustee to pay or redeem Bonds in accordance with the provisions of Section 501(a) and (b) hereof.

*Section 405. Debt Service Reserve Fund.* The Trustee shall establish and maintain so long as any of the Bonds are Outstanding a separate Fund to be known as the "Debt Service Reserve Fund — MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Debt Service Reserve Fund"), to the credit of which deposits are to be made as required by the provisions of paragraphs (a)(iii) and (b)(iii) of Section 301 hereof. Moneys in the Debt Service Reserve Fund shall be maintained in an amount equal to not less than 100% of the Debt Service Reserve Fund Requirement. Except for disbursements made in accordance with the Tax Agreement, investment earnings on moneys in any of the Funds held by the Trustee under this Indenture shall be deposited in the Debt Service Reserve Fund to the extent that the amount on deposit in the Debt Service Reserve Fund is at any time less than the Debt Service Reserve Fund Requirement. Funds on deposit in the Debt Service Reserve Fund shall be used to make up any deficiencies in the Interest Fund and the Bond Sinking Fund, in the order listed, and shall be applied to pay interest or principal, as the case may be, on the Bonds. In the event that moneys are withdrawn from the Debt Service Reserve Fund to make up any such deficiencies, the amount of such withdrawal shall be reimbursed from payments received from or on behalf of the Institution under Section 2.24(v) of the Mortgage.

On the last Business Day of each May, while any Bonds are outstanding (a "Valuation Date"), the Trustee shall determine the fair market value (excluding accrued interest) on such date of the Qualified Investments then held in the Debt Service Reserve Fund, in the manner described in Section 408 hereof. If upon any such valuation it is determined that such fair market value, together with any cash then held in said Fund, is less than the Debt Service Reserve Fund Requirement (reduced by any amounts that the Institution is obligated to pay to the Trustee in the future pursuant to Section 2.24(v) of the Mortgage as a result of a withdrawal from the Debt Service Reserve Fund to remedy a deficiency in the Interest Fund or the Bond Sinking Fund), the Trustee shall immediately notify the Institution of the amount of such deficiency, and the Institution agrees in Section 2.24(iv) of the Mortgage to deliver to the Trustee for deposit into the Debt Service Reserve Fund not more than sixty days after such Valuation Date cash in the amount of, or Qualified Investments having a market value on the date of such delivery at least equal to the amount of, such deficiency. If the market value of the Qualified Investments on deposit in the Debt Service Reserve Fund on any Valuation Date, together with any cash then held therein, exceeds the Debt Service Reserve Fund Requirement, after any withdrawals required by the Tax Agreement, such excess shall be transferred to the Interest Fund to be applied to pay interest on the Bonds.

In lieu of maintaining and depositing moneys in the Debt Service Reserve Fund, the Institution may deliver to the Trustee for deposit into the Debt Service Reserve Fund an irrevocable letter of credit or surety bond policy issued by a domestic or foreign bank, insurance company or other financial institution whose unsecured long-term debt obligations are rated in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) by each Rating Agency then rating the Bonds, in a face amount equal to all or any portion of the Debt Service Reserve Fund Requirement. Any such letter of credit or surety bond policy shall (a) permit the Trustee to draw amounts

thereunder for deposit in the Debt Service Reserve Fund which, together with any moneys on deposit in or other letter of credit or surety bond policy available to fund the Debt Service Reserve Fund, are not less than the Debt Service Reserve Fund Requirement and which may be applied to any purpose for which moneys in the Debt Service Reserve Fund may be applied, (b) contain no restrictions on the ability of the Trustee to receive payment thereunder other than a certification by the Trustee that the funds drawn thereunder are to be used for the purposes set forth in the preceding paragraphs of this Section, (c) have a term of not less than five years and (d) not be secured by a Lien on Property of the Institution which is senior to any Lien of the Trustee on Property of the Institution in the event of the occurrence of an event of default under the Indenture. In the event that the credit rating of the bank, insurance company or other financial institution issuing a letter of credit or surety bond policy on deposit in the Debt Service Reserve Fund is no longer in compliance with the rating requirements set forth above, the Mortgage requires the Institution to replace such letter of credit or surety bond policy within twelve months with (a) cash in the amount necessary to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement, (b) a letter of credit or surety bond policy or both meeting the requirements of the Indenture in a face amount equal to the amount necessary to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement (which letter of credit or surety bond policy shall have a term extending at least to the date of expiration of the letter of credit or surety bond policy which it is replacing) or (c) a combination of (a) and (b). Any such letter of credit or surety bond policy shall provide that the Trustee may draw thereunder prior to any expiration or termination thereof and whenever moneys are required for the purposes for which Debt Service Reserve Fund moneys may be applied.

The Mortgage requires that, prior to the expiration date of a letter of credit or surety bond policy on deposit in the Debt Service Reserve Fund, the Institution shall (a) replace such letter of credit or surety bond policy with a letter of credit or a surety bond policy having a term greater than six months (i) satisfying the requirements of this Section and (ii) in a face amount which, taking into account any moneys, letters of credit and surety bond policies then on deposit in the Debt Service Reserve Fund, equals the Debt Service Reserve Fund Requirement, (b) deposit in the Debt Service Reserve Fund cash in the amount necessary to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement or (c) fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement through a combination of (a) and (b). Any such letter of credit or surety bond policy shall provide that the Trustee may draw thereunder prior to any expiration or termination thereof and whenever moneys are required for the purposes for which Debt Service Reserve Fund moneys may be applied.

The Trustee shall make a drawing on such letter of credit or surety bond policy (a) whenever moneys are required for the purposes for which Debt Service Reserve Fund moneys may be applied and (b) prior to any expiration or termination thereof; provided, however, that no such drawing under this clause (b) need be made if other moneys (including another letter of credit or surety bond policy) are available in the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement. If the Trustee makes a draw on such letter of credit or surety bond policy or if the value of such letter of credit or surety bond policy is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the Institution of the amount of

the deficiency, and the Institution shall remedy such deficiency by increasing the value of such letter of credit or surety bond policy and/or by depositing moneys in the Debt Service Reserve Fund to the extent of such deficiency in the manner and at the times provided in this Section.

The Trustee shall notify the Institution in writing not less than six months prior to the expiration date of a letter of credit or surety bond policy on deposit in the Debt Service Reserve Fund of such expiration date.

If the Institution elects to deposit a letter of credit or surety bond policy in the Debt Service Reserve Fund in lieu of moneys on deposit therein, the Trustee shall transfer moneys in an amount equal to, or Qualified Investments held therein having a fair market value equal to, the face amount of the letter of credit or surety bond policy then being deposited to the Bond Sinking Fund to the extent necessary to make any principal payment therefrom occurring within 13 months of the date of transfer and then to the Redemption Fund to optionally redeem Bonds or, if there shall be delivered to the Trustee an Opinion of Bond Counsel to the effect that the same will not adversely affect the validity or enforceability in accordance with their terms of the Bonds or any exemption for the purposes of federal income taxation to which interest on the Bonds is otherwise entitled, disbursed to pay for costs of a "project" as permitted under the Act.

In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Trustee may, at the request of the Institution, use any amounts on deposit in the Debt Service Reserve Fund which will be in excess of the Debt Service Reserve Fund Requirement after such redemption or defeasance to pay the principal of or the principal portion of the redemption price of said Bonds to be redeemed or defeased.

*Section 406. Cost of Issuance Fund.* The Trustee shall establish and maintain a separate Fund to be known as the "Cost of Issuance Fund — MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Cost of Issuance Fund") to the credit of which deposits are to be made as required by the provisions of paragraphs (a)(ii) and (b)(i) of Section 301 hereof. Moneys on deposit in the Cost of Issuance Fund shall be applied to pay the fees, costs and expenses of issuing the Bonds, including, without limitation, all printing expenses in connection with the Indenture, the Mortgage, the Notes, the Bonds, the Preliminary Official Statement and the Official Statement pertaining to the Bonds; Rating Agency fees; legal fees; the administrative charge of the Authority; fees of the Authority's financial advisor; the initial fees and expenses of the Trustee and any Paying Agent; and all other fees and expenses of the Trustee and any Paying Agent; and all other fees and expenses incurred in connection with the issuance of the Bonds. The costs described above shall be payable upon submission of a Written Request from the Institution stating that the amount indicated thereon is justly due and owing, has not been the subject of another Written Request which has been paid, and is a proper cost of issuing the Bonds. Any moneys remaining in the Cost of Issuance Fund on the earlier of the date on which all costs of issuance of the Bonds have been paid or September 1, 1999 shall be transferred to the Interest Fund and applied as provided in Section 404 hereof.

*Section 407. Redemption Fund.* The Trustee shall establish and maintain so long as any of the Bonds are outstanding a separate Fund to be known as the "Redemption Fund — MJH Education Assistance Illinois I LLC, Series 1998 Bond Issue" (the "Redemption Fund"). In the



event that (a) the Authority deposits moneys with the Trustee from governmental sources referred to in Section 401 for the purpose of redeeming all or a portion of the Bonds Outstanding, or (b) funds from any source are deposited by the Institution with the Trustee pursuant to Section 4.2 or 4.3 of the Mortgage for the purpose of redeeming Bonds, all such moneys shall be deposited into the Redemption Fund. Funds on deposit in the Redemption Fund shall be used first, to make up any deficiencies existing in the Interest Fund, the Bond Sinking Fund and the Debt Service Reserve Fund (in the order listed) and, secondly, to the purchase or redemption of Bonds in accordance with the provisions of Article V hereof and of this Section 407.

*Section 408. Investment of Funds.* Moneys in the Project Fund, the Revenue Fund, the Interest Fund, the Bond Sinking Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund and the Redemption Fund may be invested by the Trustee upon the Written Request (or oral direction, promptly confirmed in writing) of the Institution only in Qualified Investments, to the extent and in the manner provided for in Section 2.19 of the Mortgage. The Trustee is hereby authorized to trade with itself, or with any bank affiliated with it, in the purchase and sale of securities for such investments, and may invest moneys in (a) its own certificates of deposit or time deposits so long as the same constitute Qualified Investments and (b) other instruments or securities which the Trustee or any affiliate of the Trustee has underwritten, privately placed or made a market for, provided that the same constitute Qualified Investments. Notwithstanding anything herein to the contrary, in no case shall any investment be otherwise than in accordance with the investment limitations contained herein and in the Tax Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such investment so long as such investment was made in accordance with the fiduciary duties imposed on the Trustee pursuant to this Indenture. All income derived from the investment of moneys on deposit in such Funds, shall, subject to the provisions of Section 410 hereof, be deposited, in the order listed, (a) into the Debt Service Reserve Fund to the extent that the amount on deposit therein is less than the Debt Service Reserve Fund Requirement, (b) except with respect to amounts on deposit in the Debt Service Reserve Fund, into the Project Fund until delivery of the Completion Certificate, (c) with respect to amounts on deposit in the Debt Service Reserve Fund, into the Interest Fund, and (d) in all other cases, into the Bond Sinking Fund or the Interest Fund, at the option of the Institution.

Moneys in any Fund may be invested only in accordance with the provisions of this Section 408 and the Tax Agreement.

As provided in Section 405 hereof, Qualified Investments held in the Debt Service Reserve Fund shall be valued by the Trustee as of the last Business Day of each May. For purposes of the foregoing, such value shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times):



the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the Institution, the Trustee and the Bond Insurer.

*Section 409. Trust Funds.* All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the Authority, of the University or of the Institution. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

*Section 410. Excluded Funds; Transfers to Rebate Fund.* Notwithstanding any provision of this Indenture, including the Granting Clauses, (a) the funds held, or required to be deposited, in the Rebate Fund shall not be considered a part of the "trust estate" created by this Indenture and (b) the Trustee shall be permitted to transfer moneys on deposit in any of the trust funds established under this Article IV to the Rebate Fund in accordance with the provisions of the Tax Agreement.

*Section 411. Additional Accounts and Subaccounts.* The Trustee may, in its discretion, establish such additional accounts within the Project Fund, the Revenue Fund, the Interest Fund, the Bond Sinking Fund, the Debt Service Reserve Fund and the Redemption Fund, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from such Funds and their respective accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to the deposit or use of moneys in such Funds, or result in commingling of funds not permitted hereunder. In establishing such accounts or subaccounts, the Trustee may at any time request, receive and rely with full acquittance upon an Opinion of Bond Counsel, addressed to the Trustee, to the effect that the establishment of such accounts or subaccounts will not adversely affect the exclusion of interest on any of the Bonds from gross income for federal income tax purposes under the Code.

## ARTICLE V

### PAYMENT AND REDEMPTION OF BONDS

*Section 501. Payment and Redemption Dates and Prices.*

(a) *Payment of Series 1998C Bonds.* The Trustee shall, on September 1, 2013, apply moneys deposited into the Bond Sinking Fund established by Section 404 hereof to the payment at maturity of the Series 1998C Bonds.

(b) *Payment of Series 1998D Bonds.* The Trustee shall, on September 1, 2013, apply moneys deposited into the Bond Sinking Fund established by Section 404 hereof to the payment at maturity of the Series 1998D Bonds.

(c) *Optional Redemption of Bonds.*

(i) *Series 1998C Bonds.* The Series 1998C Bonds are subject to redemption prior to maturity in whole or in part (but if in part, then in Authorized Denominations), on any date occurring on or after September 1, 2008, by the Authority at the direction of the Institution, out of any moneys received by the Trustee from the Institution pursuant to Section 4.3 of the Mortgage and deposited in the Redemption Fund, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed together with accrued interest thereon to the redemption date, and without premium.

(i) *Series 1998D Bonds.* The Series 1998D Bonds are subject to redemption prior to maturity in whole or in part (but if in part, then in Authorized Denominations), on any date occurring on or after September 1, 2008, by the Authority at the direction of the Institution, out of any moneys received by the Trustee from the Institution pursuant to Section 4.3 of the Mortgage and deposited in the Redemption Fund, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed together with accrued interest thereon to the redemption date, and without premium.

(e) *Extraordinary Optional Redemption of Bonds in the Event of Damage, Destruction or Condemnation of the Mortgaged Property.* The Bonds shall be subject to redemption by the Authority prior to maturity, in whole or in part (but if in part, then in Authorized Denominations), on any date selected by the Institution, at the direction of the Institution, at a redemption price equal to 100% of the aggregate principal amount of such Bonds to be redeemed plus accrued interest to the date of redemption, and without premium, in the event that the Mortgaged Property or any part thereof is damaged, destroyed or condemned and Net Proceeds from insurance or condemnation awards and/or other Institution moneys are deposited in the Redemption Fund pursuant to the provisions of Section 3.1(b) or Section 3.2(b) of the Mortgage for the purpose of redeeming Bonds.

(f) *Mandatory Redemption of all Bonds upon Failure of University to Renew Project Lease.* The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, (a) on September 1, 2003, unless the Trustee shall have received irrevocable written notice from the Institution and the University at least 60 days prior to such date to the effect that the University has elected to renew the Project Lease for an additional five-year term extending until September 1, 2008, and (b) on September 1, 2008, unless the Trustee shall have received irrevocable written notice from the Institution and the University at least 60 days prior to such

date to the effect that the University has elected to renew the Project Lease for an additional five-year term extending until September 1, 2013.

(g) *Mandatory Redemption of All Bonds Upon Purchase or Marketing of Projects by University.* The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003 or on September 1, 2008, if prior to either such date the University shall have elected to purchase the Projects from the Institution pursuant to Section 20.2 of the Project Lease or to cause the marketing of the Projects pursuant to Section 20.2 and Article XXII of the Project Lease; provided, however, that the Bonds are not required to be so redeemed in connection with such a purchase of the Projects by the University if (i) the conditions set forth in Section 2.7 of the Mortgage are satisfied and (ii) the Bond Insurer consents thereto.

(h) *Mandatory Redemption of Bonds from Supplemental Extension Rent Payments.* The Bonds shall be redeemed, in whole or in part (but if in part then in Authorized Denominations), at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003 and on September 1, 2008, in connection with a renewal of the Project Lease by the University on either of such dates, from payments received by the Institution from the University pursuant to the Project Lease constituting "Supplemental Extension Rent" (as defined in the Project Lease) determined in accordance with Section 21.1(b) of the Project Lease.

*Section 502. Notice of Redemption.* Unless waived by any Owner of the Bonds, or portions thereof, to be redeemed pursuant to Section 501 hereof, notice of any such redemption identifying the Bonds, or portions thereof, to be redeemed shall be given by the Trustee as Bond Registrar on behalf of the Authority by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Trustee and to the Bond Insurer. The failure of the Bond Registrar to give notice to a Bondholder, or any defect in such notice, shall not affect the validity of the redemption of any other Bonds as to which proper notice was given.

All notices of redemption shall be dated and shall state:

- (a) the redemption date,
- (b) the redemption price,
- (c) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal installment amounts) of the Bonds to be redeemed,

(d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Trustee, and

(f) the CUSIP number and the bond certificate number of the Bonds to be redeemed.

Prior to the date that any notice of optional redemption (except any notice that refers to Bonds that are the subject of an advance or current refunding) is first mailed as aforesaid, as a condition precedent to the mailing of such notice, the Institution shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed pursuant to such notice.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest, shall no longer be protected by this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture, and the Owners thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

*Section 503. Partial Redemption.* If fewer than all of the Bonds shall be called for redemption pursuant to Sections 501(d), 501(e) or 501(h) hereof, the series of Bonds (or portion thereof) to be redeemed shall be selected by the Institution, or if no such selection is made, by the Trustee from among all Outstanding Bonds eligible for redemption on a pro-rata basis between each series; and if less than all of a series of Bonds is to be redeemed, the particular Bonds within such series to be redeemed shall be selected by the Trustee by lot from among all Outstanding Bonds of such series, and, for this purpose, each \$5,000 increment of principal amount represented by any Bond shall be considered a separate Bond for purposes of selecting the Bonds to be redeemed; *provided, however,* that no Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination. If it is determined that one or more, but not all, of the \$5,000 increments of principal amount represented by any Bond are to be called for redemption, then, upon notice of intention to redeem such \$5,000 increments of principal amount of such Bond, the Owner of such Bond, upon surrender of such Bond to the Trustee for payment to such Owner of the redemption price for the principal amount of such Bond called for redemption, shall be entitled to receive a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the Owner thereof without charge therefor.

If the owner of any Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless,



become due and payable on the date fixed for redemption to the extent of the Authorized Denomination increments of principal amount called for redemption (and to that extent only).

*Section 504. Cancellation.* All Bonds which have been redeemed in full shall be cancelled and cremated or otherwise destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Trustee to the Authority and the Institution; provided, however, that one or more new fully registered Bonds shall be issued for the unredeemed portion of any fully registered Bond without charge to the Owner thereof. Upon the date of final maturity or redemption of all Bonds Outstanding, the Trustee shall destroy any inventory of unissued Bond certificates, and evidence of such destruction shall be furnished by the Trustee to the Authority and the Institution.

**ARTICLE VI**

**RESERVED**

**ARTICLE VII**

**GENERAL COVENANTS**

*Section 701. Payment of Principal and Interest.* The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof. The principal, interest, and premium, if any, on the Bonds are payable solely from the payments to be made on the Notes, from amounts payable under the Mortgage and from certain funds and accounts pledged to the Trustee under this Indenture, and nothing in the Bonds or in this Indenture should be considered as pledging any other funds or assets of the Authority. The State of Illinois shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority. The Bonds do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of the provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the Authority or of the State of Illinois or grant to the Owners thereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon.

*Section 702. Performance of Covenants; Authority.* The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Authority represents that it is duly authorized under the Constitution and laws of the State of Illinois to issue the Bonds authorized hereby and to execute this Indenture, and to pledge and assign the Notes and



assign the Mortgage in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority according to the import thereof.

*Section 703. Ownership; Instruments of Further Assurance.* The Authority represents that it lawfully owns the Notes and that the pledge and assignment thereof and the assignment of the Mortgage to the Trustee hereby made are valid and lawful. The Authority covenants that it will defend its title to the Notes and its interest in the Mortgage assigned to the Trustee for the benefit of the Owners of the Bonds against the claims and demands of all persons whomsoever. The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee, the Notes, the Mortgage, and all payments thereon and thereunder pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds.

*Section 704. Recordation of Indenture, Mortgage, Project Lease and Other Security Instruments.* The Authority covenants to cause this Indenture, the Mortgage, the Project Lease (or memorandum thereof) and all supplements to any of the foregoing, as well as such security instruments, financing statements and other instruments as may be required from time to time, to be kept recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the lien hereof and the security of the Owners of the Bonds and the rights of the Trustee and the Bond Insurer hereunder.

*Section 705. Rights under Mortgage, Notes and Project Lease.* The Authority agrees that the Trustee in its name or in the name of the Authority may enforce all rights of the Authority and all obligations of the Institution under and pursuant to the Mortgage, the Notes and the Project Lease and all obligations of the University under and pursuant to the Project Lease, for and on behalf of the Bondholders, whether or not the Authority is in default hereunder.

*Section 706. Designation of Additional Paying Agents.* The Authority covenants to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of such of the Bonds as shall be presented when due at the principal corporate trust office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate Paying Agents.

*Section 707. Arbitrage and Tax Covenants.* The Authority covenants that it will not take any action, permit any action to be taken or fail to take any action, to the extent permitted by applicable law, with respect to the investment of the proceeds of any Bonds or with respect to the payments derived from the Notes and under the Mortgage, or any other amounts regardless of the source or where held, which may result in any Bond being treated as an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code. The Authority further covenants and agrees that it will comply with and take all actions required of it by the Tax Agreement. The Authority further covenants that it will not take any action, permit any action to be taken or fail

to take any action, to the extent permitted by applicable law, with respect to the investment of the proceeds of any Bonds, with respect to the payments derived from the Notes and under the Mortgage, or any other amounts regardless of the source or where held, which may cause the interest on the Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation. The Trustee covenants that it will not take any action, permit any action to be taken or fail to take any action with respect to investments of any amounts held by the Trustee relating to the Bonds, to the extent the Trustee has investment discretion under Section 408 hereof, that may result in any Bond being treated as an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code.

*Section 708. List of Bondholders.* To the extent that such information shall be made known to the Authority under the terms of this Section 708, the Authority covenants to keep on file at the principal office of the Trustee a list of names and addresses of the Owners of the Bonds. At reasonable times and under reasonable regulations established by the Trustee said list may be inspected and copied by the Institution, the Bond Insurer or by the Owners (or a designated representative thereof) of 25% or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

#### ARTICLE VIII

#### DEFAULTS AND REMEDIES

*Section 801. Events of Default.* Each of the following events is hereby declared an "event of default", that is to say, if:

- (a) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or
- (b) payment of the principal of or the premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity, by proceedings for redemption, upon acceleration of the maturity thereof or otherwise; or
- (c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or
- (d) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or custodian for any of the revenues of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Authority shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(e) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues and other moneys derived by the Authority from the Notes or the Mortgage; or

(f) the Authority makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the revenues and other moneys derived by the Authority from the Notes or the Mortgage; or

(g) (i) the Authority is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver, custodian or trustee of the Authority or of the whole or any part of its property and any of the aforesaid adjudication, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or

(h) the Authority shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(i) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control; or

(j) any event of default as defined in Section 5.1 of the Mortgage shall occur and be continuing; or

(k) the Authority shall default in any material respect in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any agreement supplemental hereto on the part of the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Institution by the Trustee or the Owners of not less than 25% in aggregate principal amount of all Bonds then outstanding; provided, that, if the Institution demonstrates to the Bond Insurer in a manner satisfactory to the Bond Insurer that such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority to remedy such default within such 30-day period shall not constitute a default hereunder if the Authority shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall

thereafter prosecute and complete the same with due diligence and dispatch so that such default is cured within 60 days after the original written notice thereof; or

(l) the Authority or the Trustee fails to perform any of its obligations contained in the Tax Agreement, the effect of which is to cause a Determination of Taxability.

*Section 802. Acceleration.* Upon the occurrence and continuance of any event of default specified in Section 801 hereof the Trustee may, with the consent of the Bond Insurer and without any action on the part of the Bondholders, and shall upon the direction of the Bond Insurer or upon the written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding hereunder exclusive of Bonds then owned by the Authority, the University or the Institution, with the consent of the Bond Insurer, by notice in writing delivered to the Authority, the Institution and the Bond Insurer, declare the entire principal amount of the Bonds then Outstanding hereunder and the interest accrued thereon, immediately due and payable, but only if in either case the Bond Insurer has deposited, or caused to be deposited, with the Trustee, prior to such declaration by the Trustee, an amount which is sufficient, together with any money and other liquid assets then held by the Trustee for the benefit of the Owners of the Bonds, to pay all of the principal of and interest on all Outstanding Bonds coming due as a result of such declaration, as well as all other amounts then due and payable to the Authority and the Trustee under the Indenture and the Mortgage. Upon such declaration by the Trustee, the said entire principal and interest on the Bonds shall thereupon become and be immediately due and payable, subject, however, to the provisions of the Indenture with respect to waivers of events of defaults.

*Section 803. Remedies; Rights of Bondholders.* Upon the occurrence of an event of default hereunder the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Authority hereunder.

If an event of default shall have occurred, and if requested so to do by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 901 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders 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 Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute. If the Trustee or the Bondholders elect, as the case may be, to act upon any remedy conferred under this Article and subsequently discontinue or abandon such remedial action, the Trustee or the Bondholders, as the case may be, shall be restored to their previous positions.

No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver of any event of default



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or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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

*Section 804. Right of Bondholders to Direct Proceedings.* The Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

The foregoing notwithstanding, upon the happening and continuance of any event of default hereunder, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders.

*Section 805. Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Revenue Fund and all moneys in the Revenue Fund shall be applied as follows:

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

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

SECOND: To the payment to the Trustee of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances incurred or made by the Trustee;

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

FOURTH: To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than the Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular



date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

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

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

SECOND: To the payment to the Trustee of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee; and

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

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

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

*Section 806. Remedies Vested in Trustee.* All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 805 hereof, be for the equal benefit of the Owners of the Outstanding Bonds.

*Section 807. Rights and Remedies of Bondholders.* No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 901, or of which by said subsection it is deemed to have notice, and such default shall have become an event of default; (b) the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity as provided in Section 901 and (c) the Trustee shall thereafter fail or refuse to exercise the powers herein granted, or to institute such action, suit or proceeding in its, his, her or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his, her or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the covenants of the Authority to pay the principal of and interest on each of the Bonds to the respective Owners thereof at the time, place, from the source and in the manner in said Bonds expressed.

*Section 808. Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Institution and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

*Section 809. Waivers of Events of Default.* The Trustee may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon being indemnified to its satisfaction in the manner described in Section 901(k) hereof and upon the written request of the Owners of (a) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which a default in the payment of principal and/or premium, if any, and/or interest exists, or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default, provided, however, that there shall not be waived (i) any event of default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bond unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal and premium, if any, when due, as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or

provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. Notwithstanding the foregoing, the Bond Insurer, provided it is not in default on its obligations under the Bond Insurance Policy, has the right to approve all waivers of events of default, as well as the right to annul any declaration of acceleration under this Indenture.

*Section 810. Cooperation of Authority.* In the event of default hereunder, the Authority shall cooperate with the Trustee and use its best efforts to protect the Bondholders.

*Section 811. Institution's Right of Possession and Use of Mortgaged Property.* So long as the Institution is not in default under the terms and provisions of the Mortgage, the Institution shall be entitled to possess, use and enjoy the properties and appurtenances constituting the Mortgaged Property free of claims of the Authority, the Trustee and the Bondholders.

*Section 812. Waiver of Redemption; Effect of Sale of Mortgaged Property.* The Authority, to the extent permitted by law, shall not claim any rights under any stay, valuation, exemption or extension law, and hereby waives any right of redemption which it may have in respect of the Mortgaged Property. Upon the institution of any foreclosure proceedings or upon any sale of the Mortgaged Property, or any acceleration of the maturity of the Notes, the principal of all Bonds then outstanding hereunder, if not previously due and payable, shall without further action become immediately due and payable.

*Section 813. Rights of Bond Insurer.* (a) Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default hereunder while any Bonds are Outstanding, the Bond Insurer shall, subject to the provisions of Section 1413 hereof, be deemed to be the owner of the Bonds for purposes of controlling and directing the enforcement of all remedies and rights granted to the Trustee and the owners of the Bonds hereunder, including, without limitation, the right or duty of the Trustee to accelerate the maturity of the Bonds, the right or duty of the Trustee to annul any declaration of acceleration and the right or duty of the Trustee to waive events of default pursuant to Section 809 hereof, but excluding the right of the Trustee to receive compensation for its services.

(b) The Bond Insurer shall, subject to the provisions of Section 1413 hereof, be deemed to be the owner of the Bonds for the purposes of consenting to (i) supplemental indentures under Section 1002 hereof requiring the consent of Bondholders (*provided, however, that to effect an amendment to the Indenture with respect to a matter described in clause (a), (b), (c), (d), (e) or (f) of said Section 1002, the consent of the holders of 100% of the principal amount of the Bonds at the time outstanding, as well as the consent of the Bond Insurer, is required*) and (ii) amendments, changes or modifications to, or waivers of compliance with, the Mortgage or the Project Lease under Section 1102 hereof requiring the consent of Bondholders.

(c) The Bond Insurer shall, subject to the provisions of Section 1413 hereof, be entitled (i) to act for and on behalf of the Authority and the owners of the Bonds in connection with the

exercise by the Trustee (in its capacity as the successor-in-interest to the Institution as lessor under the Project Lease) of its rights, privileges and interests as lessor under and with respect to the Project Lease and (ii) to receive copies of all notices, reports, documents and other communications received by the Trustee from the Institution or the University under or in connection with the Project Lease, which the Trustee has agreed to provide to the Bond Insurer as provided in Section 901(n) of this Indenture.

(d) Unless otherwise provided in this Section 813 and subject to the provisions of Section 1413 hereof, the Bond Insurer's consent shall be required in addition to Bondholder consent (when required by the terms of this Indenture) for the following purposes: (i) removal of the Trustee or any paying agent and selection and appointment of any successor Trustee or paying agent and (ii) initiation or approval of any action not described in this Section 813 which requires Bondholder consent.

(e) Any reorganization or liquidation plan with respect to the Authority, the Institution or the University shall be acceptable to the Bond Insurer. In the event of any reorganization or liquidation of the Authority, the Institution or the University, the Bond Insurer shall have the right to vote on behalf of the owners of the Bonds, subject to the provisions of Section 1413 hereof.

## ARTICLE IX

### THE TRUSTEE

*Section 901. Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as an ordinarily prudent corporate trustee ordinarily would perform said trusts under a corporate indenture, but no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standard specified above. The Trustee shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be Bond Counsel or the attorney or attorneys for the Authority or the Institution). The Trustee shall not be responsible for any loss or damage, and shall not incur any liability as a result of, any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except with respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Authority of the Bonds, this Indenture, the Mortgage or of any supplements thereto or instruments of further assurance, or for the existence, validity, perfection, priority or



sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed, or otherwise as to the maintenance of the security therefor or, except as provided in Section 914 hereof, for recording or filing any instrument required pursuant to the Mortgage or any other agreement relating to the property herein conveyed, except with respect to the Trustee's obligations under Articles III and IV hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority, the Institution or the University under the Mortgage or any other document or agreement; but the Trustee may require of the Authority, the Institution and the University full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed. The Trustee shall have no obligation to perform any of the duties of the Authority under the Mortgage or of the Institution under the Project Lease, and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions of this Indenture.

(c) The Trustee shall not be accountable for the use of the proceeds of any Bonds authenticated or delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

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

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

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) an event of default under subparagraph (a) or (b) of Section 801 hereof, (ii) failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article IV or (iii) any other event of default of which the Trustee shall have actual knowledge, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in the aggregate principal amount of all Bonds then Outstanding or the Bond Insurer; and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee and the Bond Insurer and their respective duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the books, papers and records of the Authority pertaining to the Mortgaged Property and the Bonds, and to take such copies from and in regard thereto as may be desired.

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

(j) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showing, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable by the Trustee in connection with the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(k) Before taking any action under Sections 705, 803, 804, 806, 807, 903 or this Section 901, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all reasonable expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful misconduct in connection with any action so taken.

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

(m) If any event of default under this Indenture shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall

use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of his own affairs.

(n) The Trustee shall furnish promptly to the Bond Insurer a copy of (i) any notice to be given to the registered owners of the Bonds, including without limitation, notice of any redemption or defeasance of the Bonds; (ii) any certificate rendered pursuant to this Indenture relating to the security for the Bonds; (iii) any notice, report, document and other communication received by the Trustee from the Institution or the University under or in connection with the Project Lease; and (iv) such additional information as the Bond Insurer may reasonably request.

(o) The Trustee shall notify the Bond Insurer of any failure of the Authority or the Institution to provide any such notices or certificates as may be required by this Indenture, the Mortgage or the Project Lease.

(p) The Trustee shall permit the Bond Insurer to have access to and make copies of all books and records of the Trustee relating to the Bonds at any reasonable time.

(q) Notwithstanding any other provision of this Indenture, the Trustee shall promptly notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal or interest on the Bonds as required hereunder.

(r) Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Bond Insurance Policy.

(s) The Trustee's powers, rights, duties and actions in any way relating to the Trust Estate, including any powers, rights, duties and actions under any agreement relating to any of the Property, rights or interests which are a part of the Trust Estate, shall be deemed to be powers, rights, duties and actions of the Trustee under this Indenture, notwithstanding the fact that such powers, rights, duties and actions may be expressly set forth in another agreement.

*Section 902. Notice to Bondholders and Bond Insurer If Default Occurs.* If a default occurs of which the Trustee is by subsection (g) of Section 901 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give written notice thereof by first class mail postage prepaid to the Authority, the Institution, the Bond Insurer and the Owners of all Bonds then Outstanding. Such notice shall be given as soon as practicable, with respect to an event of default described in Section 801(a) or 801(b) hereof, and within five Business Days thereof, with respect to any other event of default of which the Trustee is required by said Section 901(g) hereof to take notice or of which the Trustee is given notice as provided in said Section 901(g).

*Section 903. Intervention by Trustee.* In any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Bondholders and, subject to the provisions of Section 901(k), shall do so if requested in writing by the Owners of

at least a majority in aggregate principal amount of all Bonds, then Outstanding or the Bond Insurer.

*Section 904. Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretion's, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

*Section 905. Successor Trustee Eligibility.* Every such successor trustee or co-trustee appointed under this Article IX shall be a bank or trust company within Illinois organized under the laws of the United States of America or the State of Illinois, authorized to exercise corporate trust powers, subject to supervision or examination by federal or state authorities, and having a reported combined capital, surplus and undivided profits of not less than \$75,000,000 and acceptable to the Bond Insurer. If at the time any such successor Trustee shall cease to be eligible in accordance with the provision of this Section, it shall resign immediately in the manner provided in Section 906.

*Section 906. Resignation and Removal.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Authority, the Bond Insurer and the Institution and by registered or certified mail to each Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of a successor Trustee by the Bondholders or by the Authority in accordance with the provisions of Section 907 hereof. Such notice to the Authority, the Bond Insurer and the Institution may be served personally or sent by registered mail. In the event that no successor Trustee has been appointed within sixty days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Bond Insurer and to the Authority, and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. The Trustee may also be removed at any time at the written direction of the Authority. The Trustee may also be removed at any time at the request of the Bond Insurer, for any material breach of the trust set forth herein. No resignation or removal of the Trustee shall become effective until a successor or temporary Trustee, acceptable to the Bond Insurer, has been appointed and has accepted its appointment under Section 908 hereof.

*Section 907. Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Owners of a majority in aggregate principal amount of



Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Authority by an instrument executed by its Chairman or Vice Chairman and attested by its Vice Chairman or Executive Director under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. If after any appointment of a temporary Trustee by the Chairman or Vice Chairman of the Authority as aforesaid no permanent successor Trustee shall have been appointed by the Bondholders within the six calendar months next succeeding the month during which such appointment of a temporary Trustee took effect, such temporary Trustee shall without any further action by the Authority or the Bondholders become the permanent successor Trustee.

*Section 908. Concerning Any Successor Trustees.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority and the Institution an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the Written Request of the Authority, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

*Section 909. Trustee Protected in Relying upon Resolution, etc.* The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

*Section 910. Successor Trustee as Trustee of Funds, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be the trustee of the Revenue Fund, the Interest Fund, the Bond Sinking Fund, the Project Fund, the Redemption Fund, the Cost of Issuance Fund and any other Funds provided hereunder and Bond Registrar and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Bond Registrar and Paying Agent.

*Section 911. Trust Estate May Be Vested in Separate or Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of Illinois) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Mortgage, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 911 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. Any separate or co-trustee appointed under this Article IX shall be bound by the same standard of care, duties and obligation as the Trustee under this Indenture, as if such separate or co-trustee was the Trustee.

Should any deed, conveyance or instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

*Section 912. Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services (including, without limitation, any fees and expenses incurred in connection with any action taken pursuant to Article VIII hereof). The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Bond Registrar for the Bonds as hereinabove provided. Upon an event of default, but only upon an event of default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

*Section 913. Compliance with Certain State Reporting Requirements.* The Trustee hereby agrees to comply with all reporting requirements of the State of Illinois and any of its

agencies with respect to payments of principal of, premium, if any, and interest on the Bonds. The Trustee also agrees to furnish to the Authority, upon request, such information as the Authority may need in order to comply with any such reporting requirements. In particular, in connection with the payment of any interest on or principal of the Bonds from any Fund or account maintained under this Indenture, the Trustee hereby agrees to file a completed Office of the Comptroller of the State of Illinois Form C-08 (Notice of Payments), or such similar form as the Comptroller shall specify by notice to the Authority (collectively, "Form C-08"), with the Office of the Comptroller of the State of Illinois within fifteen (15) days following such payment of interest or principal. A copy of such Form C-08 shall also be filed with the Authority. All information included on Form C-08 shall comply with the provisions of §31.30.10 of the Comptroller's Uniform Statewide Accounting System Manual.

In addition, the Trustee hereby agrees to deliver to the Authority, or to such other Person as the Authority may direct, within fifteen (15) calendar days after the end of each month, a report for each Fund established under the Indenture (a) setting forth all activity occurring during such month within that Fund or (b) if that Fund has had no activity within such month, stating that fact.

*Section 914. Compliance with Section 2.4 of Mortgage.* The Trustee shall notify the Institution of any and all actions required to be taken by the Institution pursuant to Section 2.4 of the Mortgage in connection with the timely filing of continuation statements under the Uniform Commercial Code, such notifications to be given at such time or times, not more than 60 days nor less than 30 days before such action or actions are required to be taken, and in such manner as to enable the Institution to comply in a timely manner with the provisions of said Section 2.4. Except for notifying the Institution in accordance with the preceding sentence, the Trustee shall have no obligation to undertake to file any financing statements or to take any other action that the Institution may be required to take pursuant to Section 2.4 of the Mortgage.

## ARTICLE X

### SUPPLEMENTAL INDENTURES

*Section 1001. Supplemental Indentures Not Requiring Consent of Bondholders.* The Authority and the Trustee may, without the consent of, or notice to, any of the Bondholders or the Bond Insurer, enter into an indenture or indentures supplemental to this Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) To subject to this Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit continued compliance with the arbitrage requirements of the Code, including, without limitation, continued compliance with the Tax Agreement;

(e) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(f) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the issuance of coupon Bonds hereunder and to permit the exchange of Bonds from fully registered form to coupon form and vice versa;

(g) To provide for certificate Bonds;

(h) To provide for changes in the components of the Projects, to the extent permitted by this Indenture and by Section 2.33 of the Mortgage;

(i) In connection with the issuance of Additional Bonds and Additional Notes or Additional Secured Indebtedness; and

(j) To provide for any other change to this Indenture which, in the judgment of the Trustee, is not prejudicial to the interests of the Bondholders or of the Trustee.

In determining whether any proposed supplemental indenture is prejudicial to the interests of the Bondholders, the Trustee shall consider the effect of such supplemental indenture on the Bondholders as if the Bond Insurance Policy were not in effect.

The Authority and the Trustee may not enter into an indenture or indentures supplemental to this Indenture pursuant to, or for the purposes described in, paragraph (f) of this Section 1001 unless they shall have received an Opinion of Bond Counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity of such Bonds or the exemption from federal income taxation of the interest paid on the Bonds to the extent afforded under Section 103(a) of the Code.

The Trustee shall notify the Bond Insurer by first-class mail of any supplemental indenture executed and delivered by the Authority and the Trustee pursuant to this Section 1001 within 30 days after such execution and delivery.

*Section 1002. Supplemental Indentures Requiring Consent of Bondholders; Waivers and Consents by Bondholders.* Exclusive of supplemental indentures covered by Section 1001 hereof and subject to the terms and provisions contained in this Section 1002, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding,



together with the Bond Insurer, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture, or (ii) waive or consent to the taking by the Authority of any action prohibited, or the omission by the Authority of the taking of any action required, by any of the provisions of this Indenture or of any indenture supplemental hereto; provided, however, that nothing in this Section 1002 or in Section 1001 hereof contained shall permit or be construed as permitting, (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Bond, without the consent of the Owner of such Bond, or (b) a reduction in the amount of, or extension of the time of, any payment required by any sinking fund applicable to any Bonds without the consent of the Owners of all the Bonds which would be affected by the action to be taken, or (c) the creation of any lien prior to or on a parity with the lien of this Indenture, without the consent of the Owners of all the Bonds at the time Outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or supplemental indenture, without the consent of the Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken, or (e) a modification of the rights, duties or immunities of the Trustee without the written consent of the Trustee, or (f) the loss of the exclusion from federal gross income of the Owners of the interest paid on the Bonds held by a non-consenting Bondholder to the extent otherwise afforded under Section 103(a) of the Code.

The Authority and the Trustee may not enter into an indenture or indentures supplemental to this Indenture pursuant to this Section 1002 for the purpose described in Section 1001(f) unless they shall have received an opinion of Bond Counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity of such Bonds or the exemption from federal income tax of the interest paid on the Bonds to the extent afforded under Section 103(a) of the Code.

If at any time the Authority shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail notice of the proposed execution of such supplemental indenture to the Owners of the Outstanding Bonds and the Bond Insurer as provided in Section 502 hereof. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners of the Bonds. If, within sixty days or such longer period as shall be prescribed by the Authority following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

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Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

*Section 1003. Notice to and Consent of Institution.* Anything herein to the contrary notwithstanding, a waiver, consent or supplemental indenture under this Article X shall not become effective unless and until the Institution shall have consented in writing to such waiver or consent or to the execution and delivery of such supplemental indenture. In that regard, the Trustee shall cause notice of such proposed waiver or consent or of the proposed execution and delivery of any such supplemental indenture, together with a copy of such proposed supplemental indenture, if any, to be mailed by certified or registered mail to the Institution at least fifteen days prior to the proposed date of such waiver or consent or of execution and delivery of any such supplemental indenture.

*Section 1004. Consent of the Bond Insurer.* Anything in this Indenture to the contrary notwithstanding, the Authority and the Trustee shall not enter into any supplemental indenture executed and delivered pursuant to this Article X which amends in any manner any provision of the Indenture expressly recognizing or granting rights in or to the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

*Section 1005. Opinion of Bond Counsel.* Prior to its execution of any supplemental indenture pursuant to this Article X and as a condition precedent thereto, the Trustee may, in its sole discretion, require the delivery of an Opinion of Bond Counsel to the effect that the execution and delivery of such supplemental indenture will not adversely affect the validity or enforceability in accordance with their terms of the Bonds or the exemption from federal income tax of the interest paid on the Bonds to the extent afforded under Section 103(a) of the Code.

## ARTICLE XI

### AMENDMENTS TO THE MORTGAGE AND THE PROJECT LEASE

*Section 1101. Amendments, etc., to Mortgage or Project Lease Not Requiring Consent of Bondholders.* The Authority and the Trustee may without the consent of or notice to the Bondholders or the Bond Insurer consent to any amendment, change or modification of the Mortgage or the Project Lease as may be required (a) by the provisions of the Mortgage or the Project Lease (as the case may be) and this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) for the purpose of complying with the arbitrage requirements of the Code and/or with the provisions of the Tax Agreement, (d) to provide for changes in the components of the Projects, to the extent permitted by this Indenture, Section 2.33 of the Mortgage and Article XI of the Project Lease, (e) in connection with the issuance of Additional Bonds and Additional Notes or Additional Secured Indebtedness, (f) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners of the Bonds. In determining whether any proposed amendment, change or other modification of the Mortgage or the Project Lease is prejudicial to the interests of the Bondholders, the Trustee shall consider the effect of such amendment, change or other

modification of the Mortgage or the Project Lease (as the case may be) on the Bondholders as if the Bond Insurance Policy were not in effect.

*Section 1102. Amendments, etc., to Mortgage or Project Lease Requiring Consent of Bondholders.* Except for the amendments, changes or modifications as provided in Section 1101 hereof, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Mortgage or the Project Lease, nor waive compliance by the Institution with any provision of the Mortgage or the Project Lease, nor waive compliance by the University with any provision of the Project Lease, without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as in Section 1102 provided and with the consent of the Bond Insurer.

*Section 1103. No Amendment May Alter Notes.* Under no circumstances shall any amendment to the Mortgage alter the payments of principal and premium, if any, and interest on either Note, without the consent of the Owners of all the Bonds of the related series at the time Outstanding and the consent of the Bond Insurer.

*Section 1104. Consent of Bond Insurer.* Anything in this Indenture to the contrary notwithstanding, the Authority and the Trustee shall not enter into any supplemental agreement executed and delivered pursuant to this Article XI which amends in any manner any provision of the Mortgage or the Project Lease expressly recognizing or granting rights in or to the Bond Insurer thereunder without the prior written consent of the Bond Insurer.

*Section 1105. Opinion of Bond Counsel.* Prior to the execution of any amendment to the Mortgage or the Project Lease pursuant to this Article XI and as a condition precedent thereto, the Trustee may, in its sole discretion, require the delivery of an Opinion of Bond Counsel to the effect that the execution and delivery of such amendment will not adversely affect the validity or enforceability in accordance with its terms of the Bonds or the exemption from federal income tax of the interest paid on the Bonds to the extent afforded under Section 103(a) of the Code.

## ARTICLE XII

### SATISFACTION AND DISCHARGE

*Section 1201. Satisfaction and Discharge.* (a) All rights and obligations of the Trustee, the Authority and the Institution under the Mortgage, the Notes and this Indenture shall terminate and such instruments shall cease to be of further effect, and the Trustee shall cancel the Notes and deliver them to the Institution, shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of this Indenture, and shall assign and deliver to the Institution any moneys and investments in all Funds established hereunder (except moneys or investments held by the Trustee in the Rebate Fund or for the payment of principal of, interest on, or premium, if any, on the Bonds) when

(i) all fees and expenses of the Trustee and any Paying Agent shall have been paid, or payment thereof shall be provided for, to the satisfaction of the Trustee or such Paying Agent, respectively;

(ii) the Authority and the Institution shall have performed all their covenants and promises in the Mortgage, the Notes and the Indenture; and

(iii) all Bonds theretofore authenticated and delivered (A) have become due and payable, or (B) are to be called for redemption under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Institution, or (C) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (A) and (B) above, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or non-callable Government Securities, if then permitted under the Act, the principal of and the interest on which, or the principal on which, when due, will provide moneys which shall be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be, provided that no such deposit shall be made unless, in the Opinion of Bond Counsel, the interest on the Bonds would not become subject to inclusion in the federal gross income of the Owners as a result thereof.

(b) Any portion of the Bonds (but only in Authorized Denominations) may be deemed paid and no longer secured by this Indenture if there is deposited with the Trustee either moneys in an amount which shall be sufficient, or non-callable Government Securities, if then permitted by the Act, the principal of and the interest on which, when due, will provide moneys which will be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on such portion of the Bonds on and prior to the redemption date or maturity date thereof, as the case may be, provided that no such deposit shall be made unless, in the Opinion of Bond Counsel, the interest on the Bonds would not become subject to inclusion in the federal gross income of the Owners thereof as a result thereof.

(c) Bonds or portions thereof the payment of which has been provided for in accordance with paragraph (a) or (b) of this Section 1201 shall no longer be deemed Outstanding hereunder or secured hereby. The obligation of the Authority with respect to such Bonds shall nevertheless continue but the Owners thereof shall thereafter be entitled to payment only from the moneys or Government Securities deposited with the Trustee to provide for the payment of such Bonds.

(d) In the event of a proposed defeasance of all or a portion of the Bonds in the manner described in subparagraph (a)(iii) or (b) above, (i) the Authority shall cause to be delivered to the Authority, the Trustee and the Bond Insurer a report of an independent firm of nationally recognized certified public accountants addressed to the Authority, the Trustee and the Bond Insurer and in form and substance acceptable to the Authority, the Trustee and the Bond Insurer, verifying the sufficiency of the escrow established to pay such Bonds in full, (ii) the escrow agreement relating thereto shall provide that no substitution of a Government Security shall be permitted except with cash or one or more other Government Securities and upon



delivery of a new verification report from an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow to pay such Bonds in full after giving effect to such substitution, and (iii) the Authority shall cause to be delivered an Opinion of Bond Counsel addressed to the Authority, the Institution, the Trustee and the Bond Insurer to the effect that such Bonds are no longer Outstanding under this Indenture.

(e) None of the Bonds Outstanding hereunder may be defeased as aforesaid nor may this Indenture be discharged if under any circumstances the interest on such defeased Bonds is thereby made subject to inclusion in the federal gross income of the Owners. In determining the foregoing, the Trustee may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the interest on the Bonds being defeased will not be subject to inclusion in the federal gross income of the Owners, notwithstanding the satisfaction and discharge of this Indenture.

(f) Notwithstanding anything herein to the contrary, in the event that the principal or interest due on any Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, such Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the registered owners of such Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

## ARTICLE IX

### BOND INSURANCE POLICY

*Section 1301. Payments Pursuant to the Bond Insurance Policy.* Concurrently with the issuance of the Bonds, the Bond Insurer is delivering the Bond Insurance Policy to the Insurance Trustee which the Insurance Trustee shall hold and use as provided in this Section 1301. As long as the Bond Insurance Policy shall be in full force and effect, the Authority, the Trustee and any Paying Agent agree to comply with the following provisions:

(a) At least one (1) Business Day prior to all interest payment dates, the Trustee or Paying Agent, if any, will determine whether there will be sufficient funds in the Funds and accounts to pay the principal of or interest on the Bonds on such interest payment date. If the Trustee or Paying Agent, if any, determines that there will be insufficient funds in the Funds and accounts to pay the principal of or interest on the Bonds on such interest payment date, the Trustee or Paying Agent, if any, shall so notify the Bond Insurer (by telex, telephone, facsimile or other means of electronic communication). Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee or Paying Agent, if any, has not so notified the Bond Insurer at least one (1) day prior to an interest payment date, the Bond Insurer will make payments of principal or interest due on the Bonds on or before the first (1st)

Business Day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee or Paying Agent, if any.

(b) The Trustee or Paying Agent, if any, shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurance Trustee, the registration books of the Authority maintained by the Trustee or Paying Agent, if any, and all records relating to the Funds and accounts maintained under this Indenture.

(c) The Trustee or Paying Agent, if any, shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee for the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee or Paying Agent, if any, shall at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Trustee or Paying Agent, if any, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee or Paying Agent, if any, has notice that any payment of principal or interest on a Bond which has become due for payment and which is made to a Bondholder by or on behalf of the Authority has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or

Paying Agent, if any, shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under this Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or Paying Agent, if any, upon receipt from the Bond Insurer of proof of payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee or Paying Agent, if any, upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

#### ARTICLE XIV

#### MISCELLANEOUS

*Section 1401. Application of Trust Money.* All moneys and Government Securities deposited with or held by the Trustee pursuant to Section 1201 hereof shall be held in trust for the Owners of the Bonds with respect to which such deposit was made, and applied by it, in accordance with the provisions of such Bonds and this Indenture, to the payment, either directly or through any Paying Agent, to the persons entitled thereto, of the principal (and premium, if any) and interest on such Bonds.

*Section 1402. Consents, etc., of Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Indenture to be executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

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

(b) The ownership of Bonds shall be proved by the registration books kept pursuant to the provisions of Section 208 hereof.

For all purposes, of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the Owner of such Bond until the Trustee shall have received notice in writing to the contrary.

*Section 1403. Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Institution, the Bond Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Institution, the Bond Insurer and the Owners of the Bonds. To the extent that this Indenture confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Indenture, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce such right, remedy or claim conferred, given or granted hereunder.

*Section 1404. Severability.* If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

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

*Section 1405. Notices.* Except as otherwise specifically provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper on any party if the same shall be duly mailed by registered or certified mail to such parties at the following addresses:

Authority: Illinois Educational Facilities Authority  
333 West Wacker Drive  
Suite 2600  
Chicago, Illinois 60606  
Attn: Executive Director

Institution: MJH Education Assistance Illinois I LLC  
280 South Beverly Drive  
Suite 204  
Beverly Hills, California 90212  
Attn: David L. Horne



with a copy to: Akre, Bryan & Malin, LLP  
Twentieth Floor  
444 South Flower Street  
Los Angeles, California 90071-2901  
Attn: Steven K. Hazen

Trustee: LaSalle National Bank  
135 South LaSalle Street  
Chicago, Illinois 60603  
Attn: Corporate Trust Department

Bond Insurer: Ambac Assurance Corporation  
One State Street Plaza  
New York, New York 10004  
Attn: Surveillance Department

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communication shall be sent hereunder.

*Section 1406. Trustee as Paying Agent and Registrar.* The Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

*Section 1407. Counterparts.* This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Section 1408. Applicable Law.* This Indenture shall be governed exclusively by the applicable laws of the State of Illinois.

*Section 1409. Immunity of Officers and Directors.* No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer or director of the Authority, or any incorporator, officer, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and issuance of such Bonds.

*Section 1410. Holidays.* If any date for the payment of principal or interest on the Bonds, or the taking of any other action required or permitted to be taken hereunder, is not a Business Day then such payment shall be due or such action shall or may be taken, as the case may be, on the first Business Day thereafter with the same force and effect as if done on the nominal date provided in this Indenture.

*Section 1411. Unclaimed Moneys.* Any moneys deposited with the Trustee by the Authority in order to redeem or pay the Bonds in accordance with the provisions of this Indenture, and remaining unclaimed by the Owners of any Bond for three years after the date fixed for redemption or of maturity, as the case may be, shall, if the Authority is not at the time to the knowledge of the Trustee in default with respect to any of the terms and conditions of this Indenture, or in the Bonds contained, and the Institution is not at the time to the knowledge of the Trustee in default with respect to any of the terms and conditions of the Mortgage or the Notes, be repaid by the Trustee to the Institution upon receipt of a Written Request therefor; and thereafter the Owners of the Bonds shall be entitled to look only to the Institution for payment thereof; provided, however, that the Trustee, before being required to make any such repayment, shall, at the expense of the Institution, effect publication in (i) a newspaper of general circulation in Chicago, Illinois, printed in the English language and customarily printed on each Business Day or (ii) *The Bond Buyer* of New York, New York, of a notice to the effect that said moneys have not been so applied and that after the date named in said notice any unclaimed balance of said moneys then remaining shall be returned to the Institution. Prior to returning such moneys the Trustee shall be entitled to receive an appropriate agreement from the Institution indemnifying and saving the Trustee harmless from any and all loss, costs, liability and expense suffered or incurred by the Trustee by reason of having returned such moneys.

*Section 1412. Captions.* The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope and intent of any provisions or sections of this Indenture.

*Section 1413. Limitations on Rights of Bond Insurer.* Notwithstanding any provision of this Indenture to the contrary, all rights and remedies herein given to the Bond Insurer are expressly conditioned upon the Bonds being then outstanding and upon the Bond Insurer not being in default in the performance of its obligations under the Bond Insurance Policy or insolvent, and it is expressly understood and agreed that the Bond Insurer shall have no rights or remedies hereunder if no Bonds are outstanding or if the Bond Insurer is in default in such performance or insolvent; provided, however, that in any event the Bond Insurer shall continue to have full rights of subrogation with respect to any Bonds previously paid by the Bond Insurer.

*Section 1414. Assignment of Certain Rights and Delegation of Certain Obligations to University.* The Authority and the Trustee acknowledge that the Institution has assigned certain of its rights and delegated certain of its obligations hereunder and under the Mortgage to the University pursuant to the Construction Agency Agreement and the Estoppel Certificate. The Authority and the Trustee consent to such assignment and delegation and agree that performance by the University with respect to the matters so assigned and delegated in accordance with the terms and provisions of this Indenture and of the Mortgage will constitute compliance by the Institution with such terms and provisions. In connection with the matters so assigned and delegated by the Institution to the University, a certificate of an Authorized Officer of the University may be delivered in any circumstance where this Indenture or the Mortgage indicate that a certificate of an Authorized Officer of the Institution would otherwise be required.

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IN WITNESS WHEREOF, the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY has caused these presents to be signed in its name and behalf by its Vice Chairman and its corporate seal to be hereunto affixed and attested by its Executive Director, and to evidence its acceptance of the trusts hereby created, LASALLE NATIONAL BANK, Chicago, Illinois, as trustee, has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its \_\_\_\_\_, all as of the day and year first above written.

ILLINOIS EDUCATIONAL FACILITIES  
AUTHORITY

By *Philip J. Bruno*  
Vice Chairman

(SEAL)

Attest:

By *Thomas P. Cullen*  
Executive Director

LASALLE NATIONAL BANK, as Trustee

By \_\_\_\_\_  
Vice President

(SEAL)

Attest:

By \_\_\_\_\_  
Its \_\_\_\_\_

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98951207

IN WITNESS WHEREOF, the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY has caused these presents to be signed in its name and behalf by its Vice Chairman and its corporate seal to be hereunto affixed and attested by its Executive Director, and to evidence its acceptance of the trusts hereby created, LASALLE NATIONAL BANK, Chicago, Illinois, as trustee, has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its Trust Officer, all as of the day and year first above written.

ILLINOIS EDUCATIONAL FACILITIES AUTHORITY

By \_\_\_\_\_  
Vice Chairman

(SEAL)

Attest:

By \_\_\_\_\_  
Executive Director

LASALLE NATIONAL BANK, as Trustee

By \_\_\_\_\_  
Vice President

Attest:

By Aurita C. Griffin  
Its Trust Officer



(SEAL)



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98951207

STATE OF ILLINOIS        )  
                                  ) SS  
COUNTY OF COOK        )

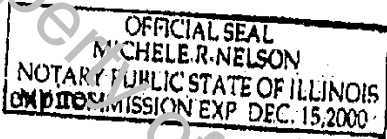
The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of October, 1998, by Philip M. Burno and Thomas P. Conley, as Vice Chairman and Executive Director, respectively, of the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY, a body politic and corporate and instrumentality of the State of Illinois, on behalf of said instrumentality.

*Michele R. Nelson*

\_\_\_\_\_  
Notary Public

(Seal)

My commission

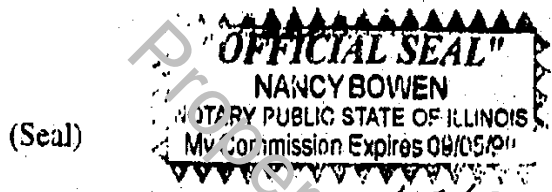


Property of Cook County Clerk's Office

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

The foregoing instrument was acknowledged before me this 21st day of October, 1998, by Wayne M. Evans and Alvita C. Griffin, as Vice President and Trust Officer, respectively, of LASALLE NATIONAL BANK, Chicago, Illinois, a national banking association, on behalf of said association.

*Nancy Bowen*  
\_\_\_\_\_  
Notary Public



(Seal)

My commission expires: 9/5/99

Property of Cook County Clerk's Office

EXHIBIT A

(Form of Series 1998C Bond)

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUE BOND,  
MJH EDUCATION ASSISTANCE ILLINOIS LLC,  
SERIES 1998C

No. R-1 \$8,970,000  
MATURITY DATE: September 1, 2013 CUSIP 452001 K25  
INTEREST RATE: 5.00% DATED DATE: September 1, 1998  
REGISTERED OWNER: CEDE & CO.  
PRINCIPAL AMOUNT: EIGHT MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS

The ILLINOIS EDUCATIONAL FACILITIES AUTHORITY (the "Authority"), a public instrumentality created by the Illinois Educational Facilities Authority Act, as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the Owner (as defined in the Indenture hereinafter mentioned) specified above, or registered assigns, the principal amount stated above on the maturity date stated above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Series 1998C Note hereinafter referred to pledged and assigned for the payment hereof pursuant to the Indenture hereinafter mentioned, from amounts payable under the Mortgage hereinafter mentioned and from certain funds and accounts pledged to the Trustee hereinafter referred to pursuant to or in accordance with said Indenture, and not otherwise, upon surrender hereof, and to pay interest on such principal amount in like money, but solely from said sources, from the dated date specified above at the rate of interest specified above, payable on each March 1 and September 1 (or if such date is not a Business Day (as defined in the Indenture hereinafter mentioned), then on the first Business Day thereafter), until payment of such principal amount, or provision therefor, shall have been made upon redemption, at maturity or otherwise and to pay interest on any overdue principal and premium, and, to the extent permitted by law, on any overdue interest, at the interest rate specified above.

The principal of and premium, if any, on the Series 1998C Bonds (as defined below) are payable at the principal corporate trust office of LaSalle National Bank, as trustee, in Chicago, Illinois, or at the principal corporate trust office of any successor trustee or additional paying agent appointed under the Indenture. Payment of interest hereon on any interest payment date shall be made to the Owner hereof as shown on the registration books maintained by the Trustee at the close of business of the Trustee on the Record Date (as defined in the Indenture) for such

interest payment date and shall be paid by (i) check or draft of the Trustee mailed to such Owner at such Owner's address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such Owner, or (ii) in the case of an interest payment to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular interest payment date, by wire transfer to such Owner upon written request from such Owner, which written request shall contain the following information: the name and ABA number of the bank to receive the wire transfer, the name and account number of the account at such bank to be credited with such wire transfer and such Owner's address, and which written request is received not less than 15 days prior to such interest payment date, except, in each case, that if and to the extent that there shall be a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered at the close of business on the fifth Business Day immediately preceding the date of payment of such defaulted interest. Interest hereon shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a series of bonds issued under the Indenture, designated Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998C (the "Series 1998C Bonds") and limited to \$8,970,000 in aggregate principal amount. The Bonds are being issued for the purpose of lending funds to MJH Education Assistance Illinois I LLC, an Illinois limited liability company (the "Institution"), that will be used to (i) finance the acquisition and renovation of certain facilities (the "Projects"), which will be leased to the University for use by it for its educational purposes, (ii) establish a debt service reserve fund for the benefit of the Bonds, and (iii) pay certain costs relating to the issuance of the Bonds, all through the purchase by the Authority of the Promissory Note, Series 1998C (the "Series 1998C Note") of the Institution in the principal amount of \$8,970,000 issued under and secured by the Loan Agreement, Mortgage and Security Agreement dated as of September 1, 1998 (the "Mortgage"), between the Institution and the Authority.

The Series 1998C Bonds are all issued under and equally and ratably secured and entitled to the security of a Trust Indenture dated as of September 1, 1998 (hereinafter referred to as the "Indenture"), duly executed and delivered by the Authority to LaSalle National Bank, Chicago, Illinois, as trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust), pursuant to which Indenture the Series 1998C Note is pledged and assigned and the Mortgage is assigned by the Authority to the Trustee as security for the Series 1998C Bonds. Concurrently with the issuance and delivery of the Series 1998C Bonds, the Authority is issuing its \$1,285,000 aggregate principal amount of Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998D (the "Series 1998D Bonds" and, collectively with the Series 1998C Bonds, the "Bonds") pursuant to the Indenture, which will rank *pari passu* with the Series 1998C Bonds, except as otherwise described in the Indenture. To provide security for the Series 1998D Bonds, the Institution is concurrently with the issuance thereof issuing and delivering to the Authority its First Mortgage Note, Series 1998D, in the principal amount of \$1,285,000, pursuant to the Mortgage, which will rank *pari passu* with the Series 1998C Note, except as otherwise described in the Mortgage. Reference is made to the Indenture and to all indentures supplemental thereto, to the Mortgage and all amendments thereto, and the Bond Insurance Policy hereinafter referred to, for a description of the nature and extent of the



security, the rights, duties and obligations of the Authority, the Trustee and the Bond Insurer hereinafter referred to, and the rights of the Owners of the Bonds, to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

This Bond is transferable by the Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond of the same maturity of an Authorized Denomination (as defined in the Indenture), for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Trustee may deem and treat the Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the Authority nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Series 1998C Bonds are issuable as registered Series 1998C Bonds without coupons in any Authorized Denomination.

The Series 1998C Bonds mature on September 1, 2013.

The Series 1998C Bonds are subject to redemption prior to maturity in whole or in part (but if in part, then in Authorized Denominations), on any date occurring on or after September 1 2008, by the Authority at the direction of the Institution, out of any moneys received by the Trustee from the Institution pursuant to the Mortgage and deposited in the Redemption Fund, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, together with accrued interest thereon to the redemption date, and without premium.

The Bonds are also subject to redemption prior to maturity by the Authority, in whole or in part (but if in part, then in Authorized Denominations), on any date selected by the Institution, at the direction of the Institution, at a redemption price equal to 100% of the aggregate principal amount of such Bonds to be redeemed plus accrued interest to the date of redemption, and without premium, in the event that the Mortgaged Property or any part thereof is damaged, destroyed or condemned and Net Proceeds from insurance or condemnation awards and/or other Institution moneys are deposited in the Redemption Fund pursuant to the Mortgage for the purpose of redeeming Bonds.

The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, (a) on September 1, 2003, unless the Trustee shall have received irrevocable written notice from the Institution and the University at least 60 days prior to such date to the effect that the University has elected to renew the Project Lease (as defined in the Indenture) for an additional five-year term extending until September 1, 2008, and (b) on September 1, 2008, unless the Trustee shall have received irrevocable written notice from the Institution and the University at least 60 days prior to such date to the effect that the University has elected to renew the Project Lease for an additional five-year term extending until September 1, 2013.

The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003, or on September 1, 2008, if prior to either such date the University shall have elected to purchase the Projects from the Institution pursuant to Section 20.2 of the Project Lease or to cause the marketing of the Projects pursuant to Section 20.2 and Article XXII of the Project Lease; provided, however, that the Bonds are not required to be so redeemed in connection with such a purchase of the Projects by the University if (i) the conditions set forth in Section 2.7 of the Mortgage are satisfied and (ii) the Bond Insurer consents thereto.

The Bonds shall be redeemed, in whole or in part (but if in part then in Authorized Denominations), at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003 and on September 1, 2008, in connection with a renewal of the Project Lease by the University on either of such dates, from payments received by the Institution from the University pursuant to the Project Lease constituting "Supplemental Extension Rent" (as defined in the Project Lease) determined in accordance with Section 21.1(b) of the Project Lease.

In the event any of the Series 1998C Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of the redemption of Bonds for which notice was properly given. All Series 1998C Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time and shall not be deemed to be Outstanding under the provisions of the Indenture.

If fewer than all of the Bonds shall be called for redemption (other than in connection with a mandatory bond sinking fund redemption), the series of Bonds (or portion thereof) to be redeemed shall be selected by the Institution, or if no such selection is made, by the Trustee from among all Outstanding Bonds eligible for redemption on a pro-rata basis between each series; and if less than all of a series of Bonds is to be redeemed, the particular Bonds within such series to be redeemed shall be selected by the Trustee by lot from among all Outstanding Bonds of such series, and, for this purpose, each \$5,000 increment of principal amount represented by any Bond shall be considered a separate Bond for purposes of selecting the Bonds to be redeemed; provided, however, that no Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination. If it is determined that one or more, but not all, of the \$5,000 increments of principal amount represented by any Bond are to be called for redemption, then, upon notice of intention to redeem such \$5,000 increments of principal amount of such Bond, the Owner of such Bond, upon surrender of such Bond to the Trustee for payment to such Owner of the redemption price for the principal amount of such Bond called for redemption, shall be entitled to receive a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal

amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the Owner thereof without charge therefor.

If the owner of any Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the Authorized Denomination increments of principal amount called for redemption (and to that extent only).

This Bond and the issue of which it is a part do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of the provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the Authority or of the State of Illinois or grant to the Owner hereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of the principal hereof or interest thereon. This Bond is payable solely from the payments to be made on the Series 1998C Note pledged and assigned for its payment in accordance with the Indenture and from other sources described heretofore.

As described in the Statement of Insurance printed on this Bond, Ambac Assurance Corporation (the "Bond Insurer") has insured the timely payment of the principal of and interest on the Bonds when due in the manner and upon the conditions described therein pursuant to a municipal bond insurance policy (the "Bond Insurance Policy"). The Bond Insurance Policy is on file and available for inspection at the principal corporate trust office of the United States Trust Company of New York, New York, New York, as the Insurance Trustee under the Bond Insurance Policy.

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

No recourse shall be had for the payment of the principal of or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, member or director of the Authority, or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of any of the Bonds.

# UNOFFICIAL COPY

98951207

If any date for the payment of principal or interest or premium, if any, on this Bond is not a Business Day, then such payment shall be due on the first Business Day thereafter with the same force and effect as if done on the nominal date provided in this Bond.

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

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

Property of Cook County Clerk's Office



# UNOFFICIAL COPY

98951207

IN WITNESS WHEREOF, as provided by the Act, the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Vice Chairman and its corporate seal to be hereunto affixed manually or by facsimile and attested to by the manual or facsimile signature of its Executive Director.

ILLINOIS EDUCATIONAL FACILITIES AUTHORITY

By \_\_\_\_\_  
Vice Chairman

[SEAL]

Attest:

\_\_\_\_\_  
Executive Director

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

98951207

(Form of Trustee's Certificate of Authentication)

Date of Authentication: \_\_\_\_\_

## TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

LASALLE NATIONAL BANK, as Trustee

By \_\_\_\_\_  
Its \_\_\_\_\_

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

98951207

## [Form of Assignment of Bond]

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

**TEN COM --** as tenants in common  
**TEN ENT --** as tenants by the  
entireties  
**JT TEN --** as joint tenants with  
right of survivorship  
and not as tenants  
in common  
(State)

**UNIF TRANS MIN ACT --**  
\_\_\_\_\_  
Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Transfers  
to Minors Act  
\_\_\_\_\_

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

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

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond of the Illinois Educational Facilities Authority and does hereby irrevocably constitute and appoint

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

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

## STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 15634BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

Property of Cook County Clerk's Office

**EXHIBIT B**

(Form of Series 1998D Bond)

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
ILLINOIS EDUCATIONAL FACILITIES AUTHORITY REVENUE BOND,  
MJH EDUCATION ASSISTANCE ILLINOIS I LLC,  
SERIES 1998D**

No. R-1 \$1,285,000

MATURITY DATE: September 1, 2013 CUSIP 452001 K33

INTEREST RATE: 5.00% DATED DATE: September 1, 1998

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The ILLINOIS EDUCATIONAL FACILITIES AUTHORITY (the "Authority"), a public instrumentality created by the Illinois Educational Facilities Authority Act, as amended (the "Act"), for value received, hereby promises to pay in lawful money of the United States of America to the Owner (as defined in the Indenture hereinafter mentioned) specified above, or registered assigns, the principal amount stated above on the maturity date stated above, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Series 1998D Note hereinafter referred to pledged and assigned for the payment hereof pursuant to the Indenture hereinafter mentioned, from amounts payable under the Mortgage hereinafter mentioned and from certain funds and accounts pledged to the Trustee hereinafter referred to pursuant to or in accordance with said Indenture, and not otherwise, upon surrender hereof, and to pay interest on such principal amount in like money, but solely from said sources, from the dated date specified above at the rate of interest specified above, payable on each March 1 and September 1 (or if such date is not a Business Day (as defined in the Indenture hereinafter mentioned), then on the first Business Day thereafter), until payment of such principal amount, or provision therefor, shall have been made upon redemption, at maturity or otherwise and to pay interest on any overdue principal and premium, and, to the extent permitted by law, on any overdue interest, at the interest rate specified above.

The principal of and premium, if any, on the Series 1998D Bonds (as defined below) are payable at the principal corporate trust office of LaSalle National Bank, as trustee, in Chicago, Illinois, or at the principal corporate trust office of any successor trustee or additional paying agent appointed under the Indenture. Payment of interest hereon on any interest payment date shall be made to the Owner hereof as shown on the registration books maintained by the Trustee



at the close of business of the Trustee on the Record Date (as defined in the Indenture) for such interest payment date and shall be paid by (i) check or draft of the Trustee mailed to such Owner at such Owner's address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such Owner, or (ii) in the case of an interest payment to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Trustee on the Record Date for a particular interest payment date, by wire transfer to such Owner upon written request from such Owner, which written request shall contain the following information: the name and ABA number of the bank to receive the wire transfer, the name and account number of the account at such bank to be credited with such wire transfer and such Owner's address, and which written request is received not less than 15 days prior to such interest payment date, except, in each case, that if and to the extent that there shall be a default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered at the close of business on the fifth Business Day immediately preceding the date of payment of such defaulted interest. Interest hereon shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a series of bonds issued under the Indenture, designated Illinois Educational Facilities Authority Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998D (the "Series 1998D Bonds") and limited to \$1,285,000 in aggregate principal amount. The Bonds are being issued for the purpose of lending funds to MJH Education Assistance Illinois I LLC, an Illinois limited liability company (the "Institution"), that will be used to (i) finance the acquisition and renovation of certain facilities (the "Projects"), which will be leased to the University for use by it for its educational purposes; (ii) establish a debt service reserve fund for the benefit of the Bonds, and (iii) pay certain costs relating to the issuance of the Bonds, all through the purchase by the Authority of the Promissory Note, Series 1998D (the "Series 1998D Note") of the Institution in the principal amount of \$8,970,000 issued under and secured by the Loan Agreement, Mortgage and Security Agreement dated as of September 1, 1998 (the "Mortgage"), between the Institution and the Authority.

The Series 1998D Bonds are all issued under and equally and ratably secured and entitled to the security of a Trust Indenture dated as of September 1, 1998 (hereinafter referred to as the "Indenture"), duly executed and delivered by the Authority to LaSalle National Bank, Chicago, Illinois, as trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust), pursuant to which Indenture the Series 1998D Note is pledged and assigned and the Mortgage is assigned by the Authority to the Trustee as security for the Series 1998D Bonds. Concurrently with the issuance and delivery of the Series 1998D Bonds, the Authority is issuing its \$8,970,000 aggregate principal amount of Revenue Bonds, MJH Education Assistance Illinois I LLC, Series 1998C (the "Series 1998C Bonds" and, collectively with the Series 1998D Bonds, the "Bonds") pursuant to the Indenture, which will rank *pari passu* with the Series 1998D Bonds, except as otherwise described in the Indenture. To provide security for the Series 1998C Bonds, the Institution is concurrently with the issuance thereof issuing and delivering to the Authority its First Mortgage Note, Series 1998C, in the principal amount of \$8,970,000, pursuant to the Mortgage, which will rank *pari passu* with the Series 1998D Note, except as otherwise described in the Mortgage. Reference is made to the Indenture and to all indentures supplemental thereto, to the Mortgage and all amendments thereto, and the

Bond Insurance Policy hereinafter referred to, for a description of the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Bond Insurer hereinafter referred to, and the rights of the Owners of the Bonds, to all the provisions of which the Owner hereof by the acceptance of this Bond assents.

This Bond is transferable by the Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond of the same maturity of an Authorized Denomination (as defined in the Indenture), for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Trustee may deem and treat the Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the Authority nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Series 1998D Bonds are issuable as registered Series 1998D Bonds without coupons in any Authorized Denomination.

The Series 1998D Bonds mature on September 1, 2013.

The Series 1998D Bonds are subject to redemption prior to maturity in whole or in part (but if in part, then in Authorized Denominations), on any date occurring on or after September 1, 2008, by the Authority at the direction of the Institution, out of any moneys received by the Trustee from the Institution pursuant to the Mortgage and deposited in the Redemption Fund, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed together with accrued interest thereon to the redemption date, and without premium.

The Bonds are also subject to redemption prior to maturity by the Authority, in whole or in part (but if in part, then in Authorized Denominations), on any date selected by the Institution, at the direction of the Institution, at a redemption price equal to 100% of the aggregate principal amount of such Bonds to be redeemed plus accrued interest to the date of redemption, and without premium, in the event that the Mortgaged Property or any part thereof is damaged, destroyed or condemned and Net Proceeds from insurance or condemnation awards and/or other Institution moneys are deposited in the Redemption Fund pursuant to the provisions of the Mortgage for the purpose of redeeming Bonds.

The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, (a) on September 1, 2003, unless the Trustee shall have received irrevocable written notice from the Institution and the University at least 60 days prior to such date to the effect that the University has elected to renew the Project Lease (as defined in the Indenture) for an additional five-year term extending until September 1, 2008, and (b) on September 1, 2008, unless the Trustee shall have received irrevocable written notice from the Institution and the

University at least 60 days prior to such date to the effect that the University has elected to renew the Project Lease for an additional five-year term extending until September 1, 2013.

The Bonds shall be redeemed in whole and not in part, at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003, or on September 1, 2008, if prior to either such date the University shall have elected to purchase the Projects from the Institution pursuant to Section 20.2 of the Project Lease or to cause the marketing of the Projects pursuant to Section 20.2 and Article XXII of the Project Lease; provided, however, that the Bonds are not required to be so redeemed in connection with such a purchase of the Projects by the University if (i) the conditions set forth in Section 2.7 of the Mortgage are satisfied and (ii) the Bond Insurer consents thereto.

The Bonds shall be redeemed, in whole or in part (but if in part then in Authorized Denominations), at a redemption price of 100% of the aggregate principal amount thereof plus accrued interest to the redemption date, and without premium, on September 1, 2003 and on September 1, 2008, in connection with a renewal of the Project Lease by the University on either of such dates, from payments received by the Institution from the University pursuant to the Project Lease constituting "Supplemental Extension Rent" (as defined in the Project Lease) determined in accordance with Section 2.1(b) of the Project Lease.

In the event any of the Series 1998D Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of the redemption of Bonds for which notice was properly given. All Series 1998D Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time and shall not be deemed to be Outstanding under the provisions of the Indenture.

If fewer than all of the Bonds shall be called for redemption (other than in connection with a mandatory bond sinking fund redemption), the series of Bonds (or portion thereof) to be redeemed shall be selected by the Institution, or if no such selection is made, by the Trustee from among all Outstanding Bonds eligible for redemption on a pro-rata basis between each series; and if less than all of a series of Bonds is to be redeemed, the particular Bonds within such series to be redeemed shall be selected by the Trustee by lot from among all Outstanding Bonds of such series, and, for this purpose, each \$5,000 increment of principal amount represented by any Bond shall be considered a separate Bond for purposes of selecting the Bonds to be redeemed; provided, however, that no Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination. If it is determined that one or more, but not all, of the \$5,000 increments of principal amount represented by any Bond are to be called for redemption, then, upon notice of intention to redeem such \$5,000 increments of principal amount of such Bond, the Owner of such Bond, upon surrender of such Bond to the Trustee for payment to such Owner of the redemption price

for the principal amount of such Bond called for redemption, shall be entitled to receive a new Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds representing the unredeemed balance of the principal amount of such Bonds shall be issued to the Owner thereof without charge therefor.

If the owner of any Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the Authorized Denomination increments of principal amount called for redemption (and to that extent only).

This Bond and the issue of which it is a part do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of the provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the Authority or of the State of Illinois or grant to the Owner hereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon. This Bond is payable solely from the payments to be made on the Series 1998D Note pledged and assigned for its payment in accordance with the Indenture and from other sources described heretofore.

As described in the Statement of Insurance printed on this Bond, Ambac Assurance Corporation (the "Bond Insurer") has insured the timely payment of the principal of and interest on the Bonds when due in the manner and upon the conditions described therein pursuant to a municipal bond insurance policy (the "Bond Insurance Policy"). The Bond Insurance Policy is on file and available for inspection at the principal corporate trust office of the United States Trust Company of New York, New York, New York, as the Insurance Trustee under the Bond Insurance Policy.

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

No recourse shall be had for the payment of the principal of or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, member or director of the Authority, or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of any of the Bonds.



# UNOFFICIAL COPY 98951207

If any date for the payment of principal or interest or premium, if any, on this Bond is not a Business Day, then such payment shall be due on the first Business Day thereafter with the same force and effect as if done on the nominal date provided in this Bond.

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

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

Property of Cook County Clerk's Office



IN WITNESS WHEREOF, as provided by the Act, the ILLINOIS EDUCATIONAL FACILITIES AUTHORITY has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Vice Chairman and its corporate seal to be hereunto affixed manually or by facsimile and attested to by the manual or facsimile signature of its Executive Director.

ILLINOIS EDUCATIONAL FACILITIES AUTHORITY

By \_\_\_\_\_  
Vice Chairman

[SEAL]

Attest:

\_\_\_\_\_  
Executive Director

Property of Cook County Clerk's Office

# UNOFFICIAL COPY

98951207

(Form of Trustee's Certificate of Authentication)

Date of Authentication: \_\_\_\_\_

## TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture:

LASALLE NATIONAL BANK, as Trustee

By \_\_\_\_\_  
Its \_\_\_\_\_

Property of Cook County Clerk's Office

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## [Form of Assignment of Bond]

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

**TEN COM --** as tenants in common  
**TEN ENT --** as tenants by the  
entireties  
**JT TEN --** as joint tenants with  
right of survivorship  
and not as tenants  
in common  
(State)

**UNIF TRANS MIN ACT --**  
\_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Transfers  
to Minors Act  
\_\_\_\_\_

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

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

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond of the Illinois Educational Facilities Authority and does hereby irrevocably constitute and appoint

\_\_\_\_\_ to transfer the said Bond on the books kept for registration hereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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## STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 15634BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

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**BOOK-ENTRY-ONLY MUNICIPAL BONDS**

**Letter of Representations**

[To be Completed by Issuer and Agent]

Illinois Educational Facilities Authority

(Name of Issuer)

LaSalle National Bank

(Name of Agent)

October 21, 1998

[Date]

Attention: Underwriting Department  
**The Depository Trust Company**  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Re: \$8,970,000 Illinois Educational Facilities Authority Revenue Bonds, MJH

Education Assistance Illinois I.I.C., Series 1998C and \$1,285,000 Illinois

Educational Facilities Authority Revenue Bonds, MJH Education Assistance

Illinois I.I.C., Series 1998D

[Issue Description]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the above-referenced issue (the "Bonds"). Agent will act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Bonds. The Bonds will be issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Bonds dated September 1, 1998 (the "Document").

Salomon Smith Barney, Inc.

[Underwriter]

is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Bonds, Issuer and Agent, if any, make the following representations to DTC:

1. Prior to closing on the Bonds on October 21, 1998, there shall be deposited with DTC one Bond certificate registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Bonds. If, however, the aggregate principal amount of any maturity exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount. Each Bond certificate shall bear the following legend:



Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

2. In the event of any solicitation of consents from or voting by holders of the Bonds, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall, to the extent possible, send notice of such record date to DTC not less than 15 calendar days in advance of such record date.

3. In the event of a full or partial redemption or an advance refunding of part of the outstanding Bonds, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow.

4. In the event of an invitation to tender the Bonds, notice by Issuer or Agent to Bondholders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means in the manner set forth in the preceding Paragraph.

5. All notices and payment advices sent to DTC shall contain the CUSIP number of the Bonds.

6. Notices to DTC pursuant to Paragraph 2 by telecopy shall be sent to DTC's Reorganization Department at (212) 709-6896 or (212) 709-6897, and receipt of such notices shall be confirmed by telephoning (212) 709-6870. Notices to DTC pursuant to Paragraph 2 by mail or by any other means shall be sent to:

Supervisor, Proxy  
Reorganization Department  
The Depository Trust Company  
7 Hanover Square, 23rd Floor  
New York, NY 10004-2695

7. Notices to DTC pursuant to Paragraph 3 by telecopy shall be sent to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to Paragraph 3 by mail or by any other means shall be sent to:

Call Notification Department  
The Depository Trust Company  
711 Stewart Avenue  
Garden City, NY 11530-4719

8. Notices to DTC pursuant to Paragraph 4 and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be sent to DTC's Reorganization Department at (212) 709-1093 or (212) 709-1094, and receipt of such notices shall be confirmed by telephoning (212) 709-6884. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager, Reorganization Department  
Reorganization Window  
The Depository Trust Company  
7 Hanover Square, 23rd Floor  
New York, NY 10004-2695

9. Agent must provide DTC, no later than noon (Eastern Time) on the payment date, CUSIP numbers for each issue for which payment is being sent, as well as the dollar amount of the payment for each issue. Notification of payment details should be sent using automated communications.

10. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on each payment date (in accordance with existing arrangements between Issuer or Agent and DTC). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

The Chase Manhattan Bank  
ABA 021000021  
For credit to A/C The Depository Trust Company  
Dividend Deposit Account 066-026776

Issuer or Agent shall provide interest payment information to a standard announcement service subscribed to by DTC. In the unlikely event that no such service exists, Issuer agrees that it or Agent shall provide this information directly to DTC in advance of the interest record date as soon as the information is available. This information should be conveyed directly to DTC electronically. If electronic transmission is not available, absent any other arrangements between Issuer or Agent and DTC, such information should be sent by telecopy to DTC's Dividend Department at (212) 709-1723 or (212) 709-1686, and receipt of such notices shall be confirmed by telephoning (212) 709-1270. Notices to DTC pursuant to the above by mail or by any other means shall be sent to:

Manager, Announcements  
Dividend Department  
The Depository Trust Company  
7 Hanover Square, 22nd Floor  
New York, NY 10004-2695

11. DTC shall receive maturity and redemption payments allocated with respect to each CUSIP number on the payable date in same-day funds by 2:30 p.m. (Eastern Time). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

The Chase Manhattan Bank  
ABA 021000021  
For credit to A/C The Depository Trust Company  
Redemption Account 066-027306

12. DTC shall receive all reorganization payments and CUSIP-level detail resulting from corporate actions (such as tender offers, remarketings, or mergers) on the first payable date in

same-day funds by 2:30 p.m. (Eastern Time). Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired as follows:

The Chase Manhattan Bank  
ABA 021000021  
For credit to A/C The Depository Trust Company  
Reorganization Account 066-027608

13. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments of interest or principal may be sent.

14. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Bonds outstanding or an advance refunding of part of the Bonds outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

15. In the event that Issuer determines that beneficial owners of Bonds shall be able to obtain certificated Bonds, Issuer or Agent shall notify DTC of the availability of Bond certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Bond certificates in appropriate amounts, as required by DTC and others.

16. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Bonds outstanding). Under such circumstances, at DTC's request Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Bonds to any DTC Participant having Bonds credited to its DTC account.

17. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Bonds any information contained in the Bond certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having an interest in the Bonds shall be deemed to have notice of the provisions of the Bond certificate(s) by virtue of submission of such certificate(s) to DTC.

18. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

19. See Rider 1 attached hereto and made a part hereof.

20. See Rider 2 attached hereto and made a part hereof.

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Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent, as well as Issuer, must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under Rules of the Municipal Securities Rulemaking Board relating to "good delivery," a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is published (the "publication date"). The establishment of such a publication date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Illinois Educational Facilities Authority

(Issuer)

By: 

(Authorized Officer's Signature)

LaSalle National Bank

(Agent)

By: 

(Authorized Officer's Signature)

Received and Accepted:  
THE DEPOSITORY TRUST COMPANY

By: \_\_\_\_\_

(Authorized Officer)

CC: Underwriter  
Underwriter's Counsel

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SCHEDULE A

38951207

(Describe Issue)

\$8,970,000 ILLINOIS EDUCATIONAL FACILITIES AUTHORITY  
REVENUE BONDS, MJH EDUCATION ASSISTANCE ILLINOIS I LLC, SERIES 1998C

CUSIP	PRINCIPAL AMOUNT	MATURITY DATE	INTEREST RATE
452001 K25	\$8,970,000	September 1, 2013	5.00%

\$1,285,000 ILLINOIS EDUCATIONAL FACILITIES AUTHORITY  
REVENUE BONDS, MJH EDUCATION ASSISTANCE ILLINOIS I LLC, SERIES 1998D

CUSIP	PRINCIPAL AMOUNT	MATURITY DATE	INTEREST RATE
452001 K33	\$1,285,000	September 1, 2013	5.00%