

## ESCROW AGREEMENT

This Escrow Agreement, dated as of December 29, 2009, but actually executed on the date witnessed hereinbelow, by and between the Board of Education of the City of Peoria, School District Number 150, Peoria County, Illinois (the "*District*"), and U.S. Bank National Association, a national banking association having trust powers, organized and operating under the laws of the United States of America, located in Indianapolis, Indiana (the "*Escrow Agent*"), in consideration of the mutual promises and agreements herein set forth:

### WITNESSETH:

#### ARTICLE I

##### DEFINITIONS

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

*Section 1.01.* "*Agreement*" means this Agreement between the District and the Escrow Agent.

*Section 1.02.* "*Board*" means the Board of Education of the District.

*Section 1.03.* "*Bonds*" means, collectively, the \$5,370,000 Taxable General Obligation Refunding School Bonds, Series 2009C (the "*2009C Bonds*"), and \$1,615,000 General Obligation Refunding School Bonds, Series 2009E (the "*2009E Bonds*"), authorized to be issued by the Bond Resolution.

*Section 1.04.* "*Bond Resolution*" means the resolution adopted on the 14th day of December, 2009, by the Board entitled:

RESOLUTION providing for the issue of \$5,370,000 Taxable General Obligation Refunding School Bonds, Series 2009C, and \$1,615,000 General Obligation Refunding School Bonds, Series 2009E, of the Board of Education of the City of Peoria, School District Number 150, Peoria County, Illinois, and for the levy of a direct annual tax sufficient to pay the principal and interest on said bonds.

authorizing the issuance of the Bonds.

*Section 1.05.* “Code” means Section 148 of the Internal Revenue Code of 1986, and all lawful regulations promulgated thereunder.

*Section 1.06.* “District” means the Board of Education of the City of Peoria, School District Number 150, Peoria County, Illinois.

*Section 1.07.* “Escrow Account” means the trust account established under this Agreement by the deposit of the Government Securities and the beginning cash.

*Section 1.08.* “Escrow Agent” means U.S. Bank National Association, a national banking association having trust powers, organized and operating under the laws of the United States of America, located in Chicago, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

*Section 1.09.* “Government Money Market Fund” means a money market mutual fund that invests exclusively in U.S. Treasury Obligations.

*Section 1.10.* “Government Securities” means the non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America as to principal and interest deposited hereunder as more particularly described in *Exhibit A* to this Agreement.

*Section 1.11.* “Paying Agent” means Amalgamated Bank of Chicago, Chicago, Illinois, as bond registrar and paying agent for the Refunded Bonds, and any successor thereto.

*Section 1.12.* “Refunded Bonds” means the outstanding bonds of the District as follows:

(a) \$3,000,736.25 9% Taxable General Obligation Capital Appreciation School Bonds, Series 2005B, dated August 15, 2005, being a portion of the bonds outstanding from an issue in the original principal amount of \$6,238,745.90, fully registered and without coupons, due serially on January 1 of the years and in the original principal amounts as follows:

YEAR OF MATURITY	ORIGINAL PRINCIPAL AMOUNT
2011	\$ 809,718.00
2012	866,962.40
2013	1,324,055.85

(the “*Refunded 2005B Bonds*”); and

(b) \$789,178.50 9% General Obligation Capital Appreciation School Bonds, Series 2005C, dated August 15, 2005, being a portion of the bonds outstanding from an issue in the original principal amount of \$2,941,462.95, fully registered and without coupons, due serially on January 1 of the year and in the original principal amount as follows:

YEAR OF MATURITY	ORIGINAL PRINCIPAL AMOUNT
2014	\$789,178.50

(the “*Refunded 2005C Bonds*”).

*Section 1.13.* “*Treasurer*” means the School Treasurer who receives the taxes of the District.

*Section 1.14.* “*2009C Escrow Account*” means the trust account established under this Agreement by the deposit of certain of the Government Securities and beginning cash as shown on *Exhibit A*.

*Section 1.15.* “*2009E Escrow Account*” means the trust account established under this Agreement by the deposit of certain of the Government Securities and beginning cash as shown on *Exhibit A*.

## ARTICLE II

### CREATION OF ESCROW

*Section 2.01.* The District by the Bond Resolution has authorized the issue and delivery of the Bonds, proceeds of which, together with certain funds of the District on hand and legally

available for such purpose, are to be used to refund the Refunded Bonds by the deposit on demand and to purchase on behalf of the District the Government Securities. Such deposit and securities will provide all moneys necessary to pay the principal of and interest on the Refunded Bonds when due.

*Section 2.02.* The District deposits \$5,226,741.06 from the proceeds of the 2009C Bonds, \$0.00 from the proceeds of the Refunded 2005B Bonds and \$0.00 from funds on hand and legally available for the purchase of the Government Securities to be held in the 2009C Escrow Account and the funding of a beginning cash escrow deposit on demand in the amount of \$342.50. The District deposits \$1,540,120.04 from the proceeds of the 2009E Bonds, \$0.00 from the proceeds of the Refunded 2005C Bonds and \$0.00 from funds on hand and legally available for the purchase of the Government Securities to be held in the 2009E Escrow Account and the funding of a beginning cash escrow deposit on demand in the amount of \$1.04. The beginning deposit and the Government Securities in the 2009C Escrow Account are held in an irrevocable trust fund account for the District to the benefit of the holders of the 2005B Refunded Bonds to pay the principal of and interest on the 2005B Refunded Bonds when due. The beginning deposit and the Government Securities in the 2009E Escrow Account are held in an irrevocable trust fund account for the District to the benefit of the holders of the 2005C Refunded Bonds to pay the principal of and interest on the 2005C Refunded Bonds when due.

*Section 2.03.* The Escrow Agent and the District have each received the report of Dunbar, Breitweiser & Company, LLP, Certified Public Accountants, Bloomington, Illinois, attached hereto as *Exhibit B* (the "*Verification Report*"), that the principal of and income and profit to be received from the Government Securities, when paid at maturity, and the cash held in accordance with Section 2.02 hereof, will be sufficient, at all times pending the final payment of the

Refunded Bonds, to pay all interest on and all principal of the Refunded Bonds when due as evidenced by said Report.

### ARTICLE III

#### COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the District as follows:

*Section 3.01.* The Escrow Agent will hold the Government Securities and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the holders of the Refunded Bonds until final payment thereof.

*Section 3.02.* The beginning cash escrow deposit shall not be invested by the Escrow Agent prior to December 31, 2009. Otherwise, the Escrow Agent will reinvest all available uninvested balances (except for an amount less than \$1,000) in the Escrow Account on deposit from time to time, whenever said balances exceed \$1,000, and acknowledges that the schedule of amounts available for reinvestment appears in the cash flow tables in the Verification Report and in *Exhibit C* hereto. Investments so made shall be in a Government Money Market Fund or in direct obligations of or obligations guaranteed by the full faith and credit of the United States of America. In the 2009C Escrow Account, such investments shall be only in a Government Money Market Fund. In the 2009E Escrow Account, such investments shall, to the extent possible, be in obligations issued directly by the Bureau of Public Debt of the United States Treasury (currently designated "*U.S. Treasury Securities—State and Local Government Series Certificates of Indebtedness or Notes*") ("*SLGS*") with an interest rate not in excess of 5.0%. Such investments shall be made only to the extent permitted by, and shall be made in accordance with, the applicable statutes, rules and regulations governing such investments issued by the Bureau of Public Debt. The Escrow Agent expressly recognizes that under current

regulations all SLGS must be subscribed for not less than 5 days nor more than 60 days prior to date of issuance. Such reinvestment SLGS shall mature on or before January 1, 2014. All reinvestments shall meet the requirements specified on *Exhibit C* and shall be purchased at the times specified on *Exhibit C* in the amounts specified on *Exhibit C*.

If the Department of the Treasury (or the Bureau of Public Debt) of the United States suspends the sale of SLGS causing the Escrow Agent to be unable to purchase SLGS, then the Escrow Agent will take the following actions. On the date it would have purchased SLGS had it been able to do so, the Escrow Agent will purchase direct shares of a Governmental Money Market Fund (the "*Alternate Investment*"). The purchase price of the Alternate Investment shall be as close as possible to the principal amount of the SLGS that would have been purchased on such date if they had been available for purchase. Ninety days after purchasing the Alternate Investments, the Escrow Agent shall pay the total interest receipts on the Alternate Investment through such date to the District with a notice to the District that such amount was received as interest on an Alternate Investment under Section 3.02 of the Escrow Agreement. If such 90th Day occurs prior to December 15, 2013, the Escrow Agent shall treat the amounts invested in the Alternate Investment as available for reinvestment and shall take all reasonable steps to invest such amounts in SLGS maturing on January 1, 2014 with a maximum rate of 5% (or in additional Alternate Investments as provided in this Section).

The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

*Section 3.03.* The Escrow Agent will take no action in the investment or securing of the proceeds of the Government Securities which would cause the Bonds to be classified as "arbitrage bonds" under the Code, *provided*, it shall be under no duty to affirmatively inquire

whether the Government Securities as deposited are properly invested under the Code; and, *provided, further*, it may rely on all specific directions in this Agreement in the investment or reinvestment of balances held hereunder.

*Section 3.04.* The Escrow Agent will promptly collect the principal, interest or profit from the Government Securities and promptly apply the same as necessary to the payment of principal and interest on the Refunded Bonds when due as herein provided.

*Section 3.05.* The Escrow Agent will remit to the Paying Agent, in good funds on or before each principal or interest payment date on the Refunded Bonds, moneys sufficient to pay such principal and interest as will meet the requirements for the retirement of the Refunded Bonds, and such remittances shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

*Section 3.06.* The Escrow Agent will make no payment of fees, charges or expenses due or to become due, of the Paying Agent or the bond registrar and paying agent on the Bonds, and the District either paid such fees, charges and expenses in advance as set forth in Section 3.07 hereof or covenants to pay the same as they become due.

*Section 3.07.* A portion of the charges, fees and expenses of the Escrow Agent have been paid in advance. The Escrow Agent is also providing bond registrar and paying agent services for the Bonds, and the acceptance fee and first annual fee of the Escrow Agent for such bond registrar and paying agent services have been paid in advance, and all remaining charges, fees or expenses of the Escrow Agent for such services shall be paid by the District upon receipt of invoices therefor.

*Section 3.08.* The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other

proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the District to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

*Section 3.09.* The Escrow Agent may in good faith buy, sell or hold and deal in any of the Bonds or the Refunded Bonds.

*Section 3.10.* The Escrow Agent will submit to the Treasurer a statement within forty-five (45) days after January 2 each calendar year, commencing January 2, 2010, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding twelve (12) month period (or, for the first period, from the date of delivery of the Bonds to January 2, 2010), and also listing the Government Securities on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Government Securities.

*Section 3.11.* If at any time it shall appear to the Escrow Agent that the proceeds to become available from the Government Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Refunded Bonds, the Escrow Agent shall notify the Treasurer and the Board, not less than five (5) days prior to such date, and the District agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

**ARTICLE IV**  
**COVENANTS OF DISTRICT**

The District covenants and agrees with the Escrow Agent as follows:

*Section 4.01.* The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals of the District herein, (b) the performance of or compliance with any covenant, condition, term or provision of the Bond Resolution, and (c) any undertaking or statement of the District hereunder or under the Bond Resolution.

*Section 4.02.* All payments to be made by, and all acts and duties required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the District or the Treasurer.

*Section 4.03.* The District will take no action regarding the proceeds of the 2009E Bonds which would cause the 2009E Bonds to be classified as “arbitrage bonds” under the Code, and the District will take any and all further action necessary to ensure that adequate provision is made for the payment of the Refunded 2005C Bonds and that neither the Refunded 2005C Bonds nor the 2009E Bonds are classified as “arbitrage bonds” under the Code.

**ARTICLE V**  
**AMENDMENTS, REINVESTMENT OF  
FUNDS, IRREVOCABILITY OF AGREEMENT**

*Section 5.01.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 5.02.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the District hereunder shall be irrevocable and shall not be subject to

amendment by the District and shall be binding on any successor to the officials now comprising the Board during the term of this Agreement.

*Section 5.03.* Except as provided in Section 5.04 hereof, all of the rights, powers, duties and obligations of the Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the Treasurer and shall be binding on any successor to said official now in office during the term of this Agreement.

*Section 5.04.* This Agreement may be amended or supplemented, and the Government Securities or any portion thereof may be sold, redeemed, invested or reinvested, in any manner provided (any such amendment, supplement, or direction to sell, redeem, invest or reinvest to be referred to as a "*Subsequent Action*"), upon submission to the Escrow Agent of each of the following:

(1) Certified copy of proceedings of the Board authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the District.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action has been duly authorized by the Board and will not adversely affect the tax-exempt status of the interest on the 2009E Bonds or the Refunded 2005C Bonds nor violate the covenants of the District not to cause the 2009E Bonds or the Refunded 2005C Bonds to become "arbitrage bonds" under the Code, and that the Subsequent Action does not materially adversely affect the legal rights of the holders of the 2009E Bonds and the Refunded 2005C Bonds.

(3) An opinion of a firm of nationally recognized independent certified public accountants or consultants nationally recognized as having an expertise in the area of

refunding escrows that the amounts (which will consist of cash or deposits on demand held in trust or receipts from non-callable direct obligations of or non-callable obligations guaranteed by the full faith and credit of the United States of America, all of which shall be held hereunder) available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due all principal and interest on the Refunded Bonds after the taking of the Subsequent Action.

## **ARTICLE VI**

### **MERGER, CONSOLIDATION OR RESIGNATION OF ESCROW AGENT**

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving 30 days' written notice to the District, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the District. The District may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least \$75,000,000 and having a corporate trust office within the State of Illinois, and which is authorized to maintain trust accounts for municipal corporations in Illinois under applicable law.

## **ARTICLE VII**

### **NOTICES TO THE DISTRICT, THE TREASURER AND THE ESCROW AGENT**

*Section 7.01.* All notices and communications to the District and the Board shall be addressed in writing to: Board of Education of the City of Peoria, School District Number 150, 3202 North Wisconsin Avenue, Peoria, Illinois 61603.

*Section 7.02.* All notices and communications to the Treasurer shall be addressed in writing to: School Treasurer, Board of Education of the City of Peoria, School District Number 150, 3202 North Wisconsin Avenue, Peoria, Illinois 61603.

*Section 7.03.* All notices and communications to the Escrow Agent shall be addressed in writing to: Corporate Trust Department, U.S. Bank National Association, 10 West Market Street, Suite 1150, Indianapolis, Indiana 46204.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

*Section 8.01.* That, upon final disbursement of funds sufficient to pay the principal and interest of the Refunded Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Treasurer with due notice thereof mailed to the Board, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF, the Board of Education of City of Peoria, School District Number 150, Peoria County, Illinois, has caused this Agreement to be signed in its name by the President of the Board and to be attested by the Secretary of the Board; and U.S. Bank National Association, Indianapolis, Indiana, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the 29th day of December, 2009.

THE CITY OF PEORIA, SCHOOL DISTRICT  
NUMBER 150, PEORIA COUNTY,  
ILLINOIS

By Debbie L. Wolfmeyer  
President, Board of Education

Attest:

Julia A Cramer  
Secretary, Board of Education

U.S. BANK NATIONAL ASSOCIATION  
Indianapolis, Indiana

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

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this 29th day of December, 2009.

By Charlene S. Schave  
School Treasurer

IN WITNESS WHEREOF, the Board of Education of City of Peoria, School District Number 150, Peoria County, Illinois, has caused this Agreement to be signed in its name by the President of the Board and to be attested by the Secretary of the Board; and U.S. Bank National Association, Indianapolis, Indiana, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its officers and attested by one of its officers under its corporate seal hereunto affixed, all as of the 29th day of December, 2009.

THE CITY OF PEORIA, SCHOOL DISTRICT  
NUMBER 150, PEORIA COUNTY,  
ILLINOIS

By \_\_\_\_\_  
President, Board of Education

Attest:

\_\_\_\_\_  
Secretary, Board of Education

U.S. BANK NATIONAL ASSOCIATION  
Indianapolis, Indiana

By Pamela V. Cole  
Its Vice President

Attest:

Jan Jandy  
Its Trust Officer

[BANK SEAL]

This Escrow Agreement received and acknowledged by me this 29th day of December, 2009.

By \_\_\_\_\_  
School Treasurer

## **EXHIBIT A**

### **GOVERNMENT SECURITIES**

#### **PART I – 2009 C ESCROW ACCOUNT**

1. Uninvested cash \$342.50
2. U.S. Treasury Note maturing 12/31/2010 with a par amount of \$1,158,000 and a coupon of 0.875%
3. U.S. Treasury Note maturing 12/31/2011 with a par amount of \$1,426,000 and a coupon of 4.625%
4. U.S. Treasury Note maturing 12/15/2012 with a par amount of \$2,506,000 and a coupon of 1.125%

#### **PART II – 2009 E ESCROW ACCOUNT**

5. Uninvested cash \$1.04
6. U.S. Treasury Note of the State and Local Government Series maturing January 1, 2014 in the principal amount of \$1,540,119 and a coupon rate of 1.78%

**EXHIBIT B**

**VERIFICATION REPORT**

## EXHIBIT C

### ANTICIPATED REINVESTMENTS

#### PART I 2009 ESCROW ACCOUNT

DATE	AMOUNT TO BE INVESTED	TYPE OF INVESTMENT	AMOUNT TO BE REDEEMED	AMOUNT EXPECTED TO BE INVESTED
12/31/09	\$ 38,385.00	Government Money Market Fund		\$ 38,385.00
6/15/10	14,096.25	Government Money Market Fund		52,481.25
6/30/10	38,042.50	Government Money Market Fund		90,523.75
12/15/10	14,096.25	Government Money Market Fund		104,620.00
1/1/11		Government Money Market Fund	\$103,957.50	662.50
6/15/11	14,096.25	Government Money Market Fund		14,758.75
6/30/11	32,976.25	Government Money Market Fund		47,735.00
12/15/11	14,096.25	Government Money Market Fund		61,831.25
1/1/12		Government Money Market Fund	61,023.75	807.50
6/15/12	14,096.25	Government Money Market Fund		14,903.75
12/15/12	2,520,096.25	Government Money Market Fund		2,535,000.00
1/1/13		Government Money Market Fund	2,535,000.00	\$ -

Additional amounts available for investment if any up to \$20,000 may be invested in a Government Money Market Fund

#### PART I 2009 E ESCROW ACCOUNT

SUBSCRIPTION DATE	INVESTMENT PURCHASE DATE	TYPE OF INVESTMENT	PAR AMOUNT	MAXIMUM COUPON	MATURITY DATE
06/01/10	07/01/10	SLGS Note	\$13,931.00	5%	01/01/14
12/01/10	01/01/11	SLGS Note	13,707.00	5%	01/01/14
06/01/11	07/01/11	SLGS Note	13,707.00	5%	01/01/14
12/01/11	01/01/12	SLGS Note	13,707.00	5%	01/01/14
06/01/12	07/01/12	SLGS Note	13,707.00	5%	01/01/14
12/01/12	01/01/13	SLGS Certificate of Indebtedness	13,707.00	5%	01/01/14
06/01/13	07/01/13	SLGS Certificate of Indebtedness	13,707.00	5%	01/01/14

Each SLGS security may be subscribed for on a business day preceding the subscription date indicated if that is not a business day. The coupon specified for each SLGS security shall be the lower of 5% or the maximum rate available on the purchase date for that maturity.

Additional amounts available for investment if any up to \$20,000 may be invested in a Government Money Market Fund.

If SLGS Notes or Certificates are not available for purchase, Alternate Investments consisting of a Governmental Money Market Fund must be purchased.

