NEW ISSUE/BOOK-ENTRY **RATING: NOT RATED**

*Subject to compliance by the Authority and the Corporation with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2018A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Series 2018A Bonds is not exempt from present Illinois income taxes. See "**TAX EXEMPTION**" herein for more complete discussion.*

WESTMINSTER VILLAGE
A CONTINUING CARE RETIREMENT COMMUNITY

$39,670,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS, SERIES 2018A
(WESTMINSTER VILLAGE)

Dated: Date of Delivery **Due: May 1, as shown below**

The Illinois Finance Authority (the "***Authority***") is issuing its $39,670,000 Revenue Bonds, Series 2018A (Westminster Village) (the "***Series 2018A Bonds***"). Principal of and interest on the Series 2018A Bonds will be paid from moneys available therefor under the Bond Trust Indenture dated as of December 1, 2018 between UMB Bank, N.A., as bond trustee (the "***Bond Trustee***"), and the Authority (the "***Bond Indenture***"). The Series 2018A Bonds will be issuable in fully registered form without coupons in authorized denominations of $5,000 or any integral multiple thereof. Interest on the Series 2018A Bonds will be payable on each May 1 and November 1, commencing on May 1, 2019.

$5,105,000 4.500% Term Bonds due May 1, 2028, Priced: 100.000% to yield 4.500%, CUSIP† 45204E R42
$8,925,000 5.250% Term Bonds due May 1, 2038, Priced: 101.844% to yield 5.000%,* CUSIP† 45204E R59
$4,830,000 5.000% Term Bonds due May 1, 2048, Priced: 97.440% to yield 5.170%, CUSIP† 45204E R67
$10,000,000 5.250% Term Bonds due May 1, 2048, Priced: 100.581% to yield 5.170%,* CUSIP† 45204E R75
$10,810,000 5.500% Term Bonds due May 1, 2053, Priced: 101.675% to yield 5.270%,* CUSIP† 45204E R83

The Series 2018A Bonds are subject to redemption prior to maturity as described herein.

The Series 2018A Bonds are limited obligations of the Authority, secured under the provisions of the Master Indenture (as defined herein) and the Bond Indenture as further described herein, and will be equally and ratably payable from payments to be made by the Corporation named herein under the Loan Agreement described herein and certain funds held under the Bond Indenture.

THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2018A BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE SOURCES SPECIFIED IN THE BOND INDENTURE, AND EXCEPT TO SUCH LIMITED EXTENT, THE SERIES 2018A BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. THE SERIES 2018A BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE RECEIPTS, REVENUES AND INCOME SPECIFIED IN THE BOND INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2018A BONDS OR OTHER COSTS INCIDENTAL THERETO. NO OWNER OF ANY SERIES 2018A BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2018A BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

There are certain risks associated with the purchase of the Series 2018A Bonds. See "**BONDHOLDERS' RISKS**" herein.

The Series 2018A Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to approval as to legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters with respect to the Series 2018A Bonds will be passed upon for the Authority by its special counsel, Nixon Peabody LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Corporation by its special counsel, Miller, Hall & Triggs, LLC, Peoria, Illinois and for the Underwriter by its counsel, Thompson Coburn LLP, St. Louis, Missouri. It is expected that the delivery of the Series 2018A Bonds will occur through DTC on or about December 20, 2018.

Ziegler

This Official Statement is dated December 6, 2018.

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* Yield shown is the yield to May 1, 2028, the first optional par call date.

† Copyright, American Bankers Association. CUSIP data provided by CUSIP Global Services, a part of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers are provided for convenience of reference only. None of the Authority, Corporation or Underwriter takes any responsibility for the accuracy of such numbers.

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Foundation Garden Walk

Willows Duplex Unit

Front Entrance

Club Room

Library

Resident Meeting Room

Independent Living Apartment-Kitchen

Wellness Center

Martin Health Center Courtyard

Martin Health Center Resident Room

Martin Health Center Living Room

Phase II Renderings

Assisted Living & Memory Support Building

1 PERSPECTIVE 1

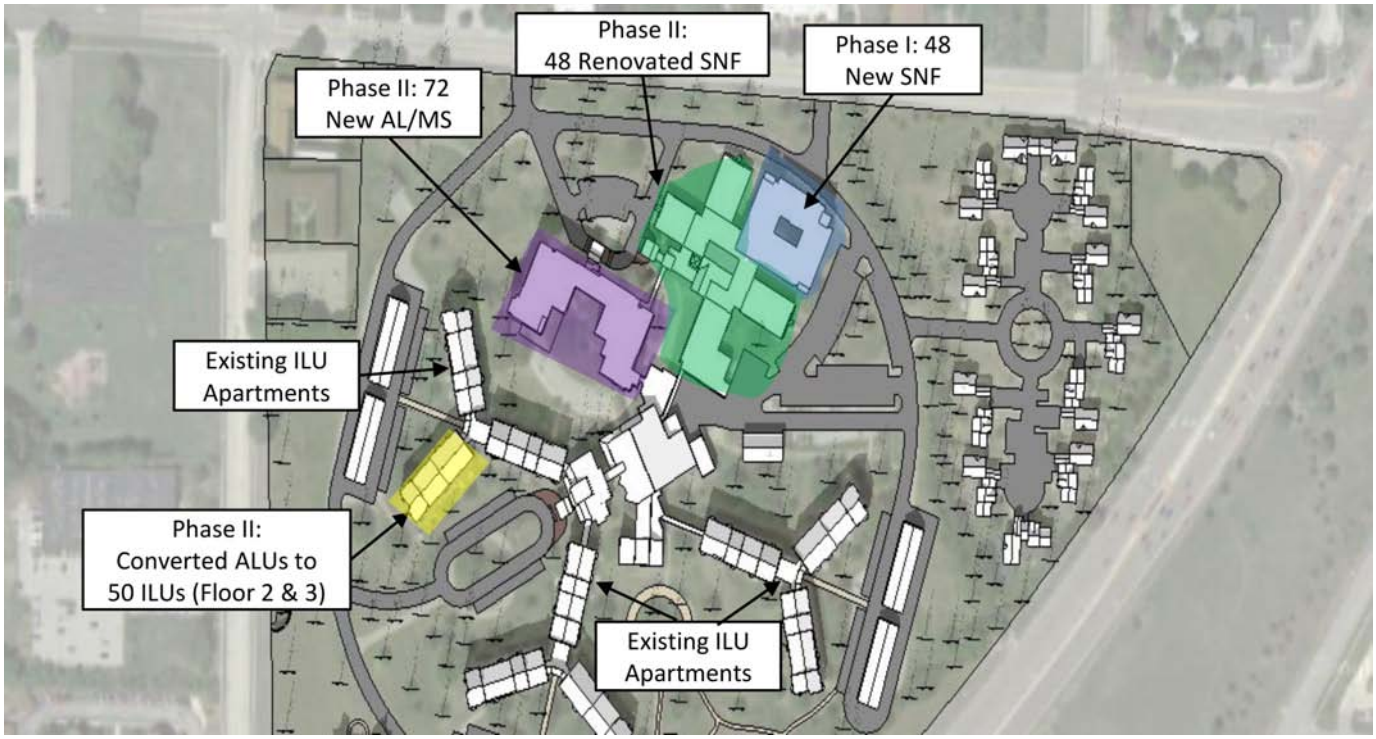
2 PERSPECTIVE 2

3 PERSPECTIVE 3

Existing Campus (Before Master Plan)

Source: Google Maps

Master Site Plan



For more information on the Site Plan as well as Phases I & II, refer to Appendix A.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Authority, the Corporation or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Corporation since the date hereof.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2018A Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2018A Bonds.

The information set forth herein relating to the Authority under the headings "**THE AUTHORITY**" and "**LITIGATION - The Authority**" has been obtained from the Authority. All other information herein has been provided by the Corporation or obtained by the Corporation from sources deemed by the Corporation to be reliable, and is not to be construed as a representation by the Authority or the Underwriter. The Authority has not reviewed or approved any information in this Official Statement except information relating to the Authority under the headings "**THE AUTHORITY**" and "**LITIGATION – The Authority**." The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Corporation since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2018A BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2018A BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND INDENTURE OR THE MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE OBLIGATED GROUP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2018A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

CUSIP numbers are included in this Official Statement for the convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers will remain the same after the date of issuance and delivery of the Series 2018A Bonds.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking" statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in

APPENDICES A and **C** herein. Management's Financial Forecast should be read in its entirety, including management's notes and assumptions set forth therein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS AND (iv) THE RISKS SET FORTH UNDER THE CAPTION "**BONDHOLDERS' RISKS**." ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENTS WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE MEMBERS OF THE OBLIGATED GROUP ON THE DATE HEREOF, AND THE OBLIGATED GROUP DOES NOT ASSUME ANY OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "FINANCIAL INFORMATION AND CONTINUING DISCLOSURE – Continuing Disclosure."

TABLE OF CONTENTS

Page

SUMMARY STATEMENT i
- The Foundation ii
- WV Corner Holdings, LLC ii
- The Series 2018B Bonds and Series 2018C Bonds ii

INTRODUCTION 1
- Purpose of this Official Statement 1
- The Authority 1
- The Series 2018A Bonds 1
- The Foundation 1
- WV Corner Holdings, LLC 2
- The Master Indenture 2
- Management's Financial Forecast 2

THE AUTHORITY 3
- Description of the Authority 3
- Bonds of the Authority 3
- Authority Counsel 3

PLAN OF FINANCE 3
- The Series 2018A Bonds 3
- The Refunded Bonds 3
- The Series 2018B Bonds and the Series 2018C Bonds 4
- Sources and Uses of Funds 5

DEBT SERVICE REQUIREMENTS 6

THE SERIES 2018A BONDS 7
- General 7
- Redemption of the Series 2018A Bonds 7
- General Provisions 11
- Exchange and Transfer 11
- Advance Refunding of the Series 2018A Bonds 12

BOOK-ENTRY-ONLY SYSTEM 12
- General 12
- DTC and its Participants 12
- Purchase of Ownership Interests 13
- Transfers 13
- Notices 13
- Voting 13
- Payments of Principal and Interest 13
- Discontinuation of Book-Entry-Only System 14

SECURITY FOR THE SERIES 2018A BONDS 14
- General 14
- The Bond Indenture 14
- Debt Service Reserve Fund 15
- The Loan Agreement 15
- The Master Indenture 15
- Additional Indebtedness 16
- Amendments to the Master Indenture 17
- Certain Covenants of the Obligated Group 17

BONDHOLDERS' RISKS 19
- General 19
- Entrance into the Obligated Group 20
- Uncertainty of Revenues 20
- Utilization Demand 20

Existing Operations and Possible Increased Competition 20
Special Considerations Regarding the Corporation and its Facilities 21
Availability of Revenues; Failure to Achieve or Maintain Turnover or Occupancy 21
Tax Cuts and Jobs Act and Possible Future Federal Tax Legislation. 21
Actual Results May Differ 21
Nature of Facilities 22
Rights of Residents 22
Sale of Personal Residences 22
Impact of a Recession and/or Slow Housing Market on the Corporation 22
Nature of Income of the Elderly 22
Regulation of Health Care and Long-Term Care Industries 22
Certain Matters Relating to Enforceability of the Master Indenture 26
Additional Indebtedness 27
Construction Risks 27
Series 2018B Bonds and Series 2018C Bonds Have Additional Covenants 27
Corporate Compliance Program 28
Antitrust 28
Intermediate Sanctions 29
Risks Related to Tax-Exempt Status 29
IRS Examination of Compensation Practices 31
Changing Capabilities of Home Health Care Technology; Impact on Demand for Facility 31
Nursing Shortage 31
Organized Resident Activity 31
Cybersecurity 31
Nursing Home Star Ratings 31
Other Legislation 32
Taxpayer Relief Act of 1997 and Unrelated Business Taxation 32
Amendments, Changes and Modifications to the Principal Financing Documents 32
Interest Rate Swap and Other Hedge Risk 33
Secondary Market 33
Other Considerations 33

TAX EXEMPTION 34

LITIGATION 36
The Authority 36
The Corporation 36

LEGAL MATTERS 36

FINANCIAL STATEMENTS 36

MANAGEMENT'S FINANCIAL FORECAST 37

FINANCIAL INFORMATION AND CONTINUING DISCLOSURE 38
Financial Reporting 38
Continuing Disclosure 39

NO RATING 41

UNDERWRITING 41

MISCELLANEOUS 41

Appendix A: Information Concerning Westminster Village, Inc.
Appendix B: Financial Statements
Appendix C: Management's Financial Forecast
Appendix D: Summary of Certain Provisions of the Master Indenture and the Mortgage
Appendix E: Summary of Certain Provisions of the Bond Indenture and the Loan Agreement
Appendix F: Form of Opinion of Bond Counsel

SUMMARY STATEMENT

The information set forth in this Summary Statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety. The offering of the Series 2018A Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement. For the definitions of certain words and terms used in this Summary Statement, see "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – Definitions of Certain Terms**" in **APPENDIX D** and "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – Definitions of Certain Terms**" in **APPENDIX E**.

The Authority

The Illinois Finance Authority (the "***Authority***") is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act, as amended from time to time (the "***Act***").

The Series 2018A Bonds

The Authority proposes to issue its $39,670,000 Revenue Bonds, Series 2018A (Westminster Village) (the "***Series 2018A Bonds***").

The Series 2018A Bonds will be issued and secured under a Bond Trust Indenture dated as of December 1, 2018 (the "***Bond Indenture***") between the Authority and UMB Bank, N.A., as bond trustee (the "***Bond Trustee***"). The Authority will loan the proceeds of the Series 2018A Bonds to Westminster Village, Inc., an Illinois not for profit corporation (the "***Corporation***") pursuant to a Loan Agreement dated as of December 1, 2018 (the "***Loan Agreement***") between the Authority and the Corporation.

Purpose of the Series 2018A Bonds

The Corporation will use the proceeds of the Series 2018A Bonds, together with certain other funds, to (i) refund all of the outstanding (a) Illinois Finance Authority Revenue Bonds, Series 2013 (Westminster Village Project) (the ***"Series 2013 Bonds"***), (b) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017A (Westminster Village Project) (the ***"Series 2017A Bonds"***), and (c) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017B (Westminster Village Project) (the ***"Series 2017B Bonds"*** and, collectively with the Series 2013 Bonds and the Series 2017A Bonds, the ***"Refunded Bonds"***); (ii) fund a debt service reserve fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2018A Bonds and the refunding of the Refunded Bonds. Unspent proceeds of the Refunded Bonds will be transferred to a project fund created under the Bond Indenture to pay costs of constructing, renovating, remodeling and equipping the Corporation's facilities.

The Corporation

Westminster Village, Inc. (the ***"Corporation"***) is an Illinois not for profit corporation, incorporated in 1979, and is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the ***"Code"***), exempt from federal income taxation under Section 501(a) of the Code. The Corporation operates a life plan community known as Westminster Village (***"Westminster Village"***) located on an over 40-acre campus at 2025 E. Lincoln Street in Bloomington, McLean County, Illinois. Bloomington, Illinois, is a city in central Illinois and the home of Illinois State University, Illinois Wesleyan University and State Farm Insurance. It is located approximately 140 miles southwest of Chicago, Illinois and approximately 160 miles north-northeast of St. Louis, Missouri. A life plan community is an organization that offers a full range of housing, residential services and health care options in order to serve older residents as their health care needs change over time.

As of October 1, 2018, Westminster Village consisted of 177 independent living apartments, 21 independent living duplex units (one other duplex unit is used as a community clubhouse), 52 assisted living apartments and 78 licensed skilled nursing beds (39 of which are Medicare certified).

Westminster Village is an entrance fee life plan community designed for older adults, making available to them housing, residential services, an integrated wellness program, and long-term care.

Further information regarding the Corporation is included in **APPENDICES A, B** and **C** hereto.

The Foundation

The Westminster Village Foundation (the ***"Foundation"***) is an Illinois not for profit corporation and is a tax-exempt charitable organization under Section 501(c)(3) of the Code, exempt from federal income taxation under Section 501(a) of the Code. The Foundation was established in 1983 to encourage philanthropic support of the residents and to enrich the lives of the residents of Westminster Village. Contributions support religious, social, artistic, recreational, educational and health care activities, as well as strive to enhance and/or improve the facilities and services of Westminster Village. All charitable donations for or on behalf of the Corporation are made directly to the Foundation.

The members of the Board of Directors of the Corporation are the members of the Foundation, and as such approve the members of the Board of the Foundation. The Foundation has a separate 15-member Board that meets four times per year. One member of the Foundation's Board must be selected from the Board of Directors of Westminster Village, The Foundation's Board is divided into three classes with each member of the Foundation Board serving a three-year term.

The Foundation has made donations to the Corporation in the last three fiscal years as follows:

Fiscal Year Ended June 30	Amount
2016	$102,714
2017	318,986
2018	141,826

The Foundation is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds and is not a Member of the Obligated Group (described herein).

WV Corner Holdings, LLC

In April 2016, the Corporation established WV Corner Holdings, LLC (***"WVCH"***) to serve as a holding company for property located in Bloomington other than the Westminster Village campus. The purpose of WVCH is to (a) acquire real property and associated personal property that is in the general vicinity of the Westminster Village campus, (b) own, hold, develop, construct improvements on, manage, operate, lease, encumber, finance, refinance, maintain, dispose, transfer or otherwise deal with that property as an investment and for the production of income and profit, (c) engage in other lawful activities that are related or necessary or useful to the furtherance of the foregoing, and (d) do all things incidental thereto. Thus far, WVCH has acquired two apartment buildings with a total of 39 rental units and an office building, all adjacent to the Westminster Village campus.

WVCH is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds and is not a Member of the Obligated Group (described herein).

The Series 2018B Bonds and Series 2018C Bonds

Concurrently with the issuance of the Series 2018A Bonds, the Authority is issuing its Revenue Bonds, Series 2018B (Westminster Village) (the ***"Series 2018B Bonds"***) and its Revenue Bonds, Series 2018C (Westminster Village) (the ***"Series 2018C Bonds"***) in the maximum aggregate principal amount of $29,000,000 in a direct purchase transaction with First Midwest Bank. The Corporation intends to draw upon the Series 2018B Bonds and the Series 2018C Bonds to provide funds to pay the costs of certain additional improvements to Westminster Village, all a described in **APPENDIX A** hereto.

The Series 2018B Bonds will be secured by the Corporation's Direct Note Obligation, Series 2018B-1 in a principal amount equal to the principal amount of the Series 2018B Bonds (the "***Series 2018B-1 Obligation***") and the Series 2018C Bonds will be secured by the Corporation's Direct Note Obligation, Series 2018C-1 in a principal amount equal to the principal amount of the Series 2018C Bonds (the "***Series 2018C-1 Obligation***"), issued and secured under the Master Indenture on a parity with the Series 2018A Obligation and any other Obligations hereafter issued under the Master Indenture. The documents relating to the Series 2018B Bonds and the Series 2018C Bonds contain covenants for the benefit of the holders of the Series 2018B Bonds or the Series 2018C Bonds, as applicable, which are solely for the benefit of and enforceable solely by the holders of such Bonds. These covenants can be modified by the Corporation and the holders of the Series 2018B Bonds or the Series 2018C Bonds, as applicable without notice to or the consent of the holders of Series 2018A Bonds, so the holders of the Series 2018A Bonds cannot rely upon the Corporation's agreements contained in such documents. The failure of the Corporation to comply with such covenants and agreements may, however, cause an event of default with respect to the Series 2018A Bonds. See **"BONDHOLDERS' RISKS – Series 2018B Bonds and Series 2018C Bonds Have Additional Covenants"** herein for a description of certain of these covenants. The Corporation's obligations to holders of the Series

2018B Bonds and the Series 2018C Bonds under those documents will be secured by one or more Obligations issued under the Master Indenture (collectively, the ***"Bank Obligations"***).

The Corporation anticipates entering into interest rate swap agreements with respect to the Series 2018B Bonds and Series 2018C Bonds. Neither the Loan Agreement nor the Master Trust Indenture limits the ability of a Member of the Obligated Group to enter into such agreements in the future so long as the Obligated Group is in compliance with the financial covenants contained in the Master Trust Indenture for the related Indebtedness. It is expected that the Corporation will issue one or more Obligations to secure its obligations with respect to interest rate swap agreements relating to the Series 2018B Bonds and the Series 2018C Bonds (collectively, the ***"Swap Obligations"***).

There is no debt service reserve for the Series 2018B Bonds or the Series 2018C Bonds and payment of the Series 2018B Bonds and the Series 2018C Bonds is **not** secured by moneys deposited in the Debt Service Reserve Fund established under the Bond Indenture.

Security for the Series 2018A Bonds

General. The Authority is obligated to pay the principal of, premium, if any, and interest on the Series 2018A Bonds and other costs incidental thereto only from the sources specified in the Bond Indenture, and except to such limited extent, the Series 2018A Bonds and the interest thereon do not constitute an indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Series 2018A Bonds, the premium, if any, and the interest thereon are special, limited obligations of the Authority payable solely out of the receipts, revenues and income specified in the Bond Indenture. Neither the full faith and credit nor the taxing powers of the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Series 2018A Bonds or other costs incidental thereto. No owner of any Series 2018A Bond shall have the right to compel the taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Series 2018A Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

The Bond Indenture. The Series 2018A Bonds will be issued by the Authority pursuant to the Bond Indenture. Under the Bond Indenture, the Authority will pledge and assign to the Bond Trustee as security for the payment of principal of, premium, if any, and interest on the Series 2018A Bonds, all of its right, title and interest in and to (i) the Loan Agreement and all payments derived by the Authority from the Corporation under the Loan Agreement (excluding the Authority's Unassigned Rights), (ii) the Series 2018A Obligation described herein, and (iii) the funds created under the Bond Indenture and amounts held therein, including investment earnings (but excluding amounts on deposit in the Rebate Fund). See "**SECURITY FOR THE SERIES 2018A BONDS – The Bond Indenture**."

The Debt Service Reserve Fund. Payment of the principal of, premium, if any, and interest on the Series 2018A Bonds will be additionally secured by moneys deposited to the credit of the Debt Service Reserve Fund established under the Bond Indenture. See "**SECURITY FOR THE SERIES 2018A BONDS - The Debt Service Reserve Fund**." A Debt Service Reserve Fund has been established with respect to the Series 2018A Bonds and will be funded, concurrently with the issuance of the Series 2018A Bonds, in an amount equal to $2,533,787.50, which is the initial Debt Service Reserve Requirement for the Series 2018A Bonds. The Debt Service Reserve Requirement for the Series 2018A Bonds is subject to adjustment as provided in the following definition: ***"Debt Service Reserve Requirement"*** means initially, $2,533,787.50 and, upon the maturity or redemption of any Series 2018A Bonds (by mandatory Bond Sinking Fund redemptions or otherwise), an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement during any Fiscal Year on the Series 2018A Bonds then outstanding, (ii) an amount equal to 10% of the outstanding principal amount of the Series 2018A Bonds or (iii) an amount equal to 125% of the average annual debt service requirements during any Fiscal Year on the Series 2018A Bonds, *provided* that the Maximum Annual Debt Service Requirement and the Debt Service Requirement for any of the Series 2018A Bonds will be calculated in accordance with the provisions of the Master Indenture.

The Loan Agreement. The Loan Agreement will provide that the Corporation shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2018A Bonds when due. The Obligated Group's obligation to make payments on the Series 2018A Obligation shall be satisfied to the extent payments are made by the Corporation under the Loan Agreement. The Loan Agreement will also impose certain restrictions on the actions of the Corporation for the benefit of the Authority and the holders of the Series 2018A Bonds. See "**SECURITY FOR THE SERIES 2018A BONDS – The Loan Agreement**."

The Master Indenture. The Series 2018A Bonds will be secured in part by the Corporation's Direct Note Obligation, Series 2018A (Illinois Finance Authority) in the principal amount of $39,670,000 (the "***Series 2018A Obligation***") to be issued pursuant to an Amended and Restated Master Trust Indenture dated as of December 1, 2018 (as supplemented and amended from time to time in accordance with its terms, the "***Master Indenture***"), between the Corporation, as the sole member of an

obligated group created thereunder (a "***Member***" and collectively, the "***Obligated Group***"), and UMB Bank, N.A., as master trustee (the "***Master Trustee***").

The Master Indenture permits the Members of the Obligated Group to issue Additional Obligations on the terms and subject to the conditions set forth in the Master Indenture, which will be secured on a parity basis under the Master Indenture with the Series 2018A Obligation. The Series 2018A Obligation, the Series 2018B-1 Obligation, the Series 2018C-1 Obligation, the Bank Obligations, the Swap Obligations and any Additional Obligations hereafter issued under the Master Indenture are referred to as the "***Obligations***."

The Series 2018A Obligation and all other Obligations issued under the Master Indenture will be secured on a parity basis by (i) a mortgage on certain real property of the Corporation pursuant to a Mortgage and Security Agreement dated as of May 1, 2017 (the "***Mortgage***") between the Corporation and the Master Trustee, and (ii) a pledge of the Gross Revenues of the Members of the Obligated Group. See "**SECURITY FOR THE SERIES 2018A BONDS**."

Redemption Prior to Maturity

Pursuant to the terms of the Bond Indenture, the Series 2018A Bonds are subject to redemption prior to maturity. See "**THE SERIES 2018A BONDS – Redemption of the Series 2018A Bonds**."

Certain Covenants of the Obligated Group

Rate Covenant. Each Member of the Obligated Group will agree in the Master Indenture that it will operate its facilities on a revenue-producing basis and charge such fees and rates for its facilities and services and exercise such skill and diligence such that the Historical Debt Service Coverage Ratio is at least 1.20:1 for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges**" in **APPENDIX D** for more detail.

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 for any such year, the Master Trustee shall require the Obligated Group, at the Obligated Group's expense, to select a Consultant within 30 days after the delivery of the Officer's Certificate disclosing such deficiency to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year. The Consultant shall be approved and retained as described under "**Approval of Consultants**" below. The Master Trustee shall not be obligated to require the Obligated Group to retain a Consultant to make such recommendations if (a) there is filed with the Master Trustee a written report of a Consultant that contains an opinion of such Consultant that applicable laws or regulations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to cause the Historical Debt Service Coverage Ratio to equal or exceed 1.20:1 and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1.

Except as provided in the next paragraph, if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.20:1 for any Fiscal Year, such failure shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

If the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year, such failure shall constitute an event of default under the Master Indenture unless the Obligated Group has at least 225 Days Cash on Hand as of the end of such Fiscal Year, in which case no event of default shall be deemed to have occurred; provided, however, that if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any two consecutive Fiscal Years, such failure shall constitute an event of default under the Master Indenture.

"Days Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing the sum of Expenses plus all expensed and capitalized interest on Indebtedness for the most recent trailing twelve-month period, as shown on the consolidating statement of operations within the most recent quarterly financial statements of the Obligated Group, by 365 or 366, as the case may be.

Liquidity Covenant. Each Obligated Group Member is required to conduct its business so that on each June 30 or December 31, commencing June 30, 2019 (each such date being a "***Testing Date***"), the Obligated Group shall have no less than 180 Days Cash on Hand (the "***Liquidity Requirement***").

If the number of Days Cash on Hand as of any such Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the number of Days Cash on Hand to the Liquidity Requirement for future periods. Such Consultant shall be approved as described under "**Approval of Consultants**" below.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to satisfy the Liquidity Requirement for any Testing Date shall not constitute an event of default if the Obligated Group takes all action necessary to comply with the requirements set forth above for adopting a plan or obtaining a Consultant's report (whichever is required) and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Liquidity Covenant**" in **APPENDIX D**.

Incurrence of Additional Indebtedness. The Members of the Obligated Group will agree in the Master Indenture to restrictions on the incurrence of Additional Indebtedness, as more fully described under "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness**" in **APPENDIX D**. To the extent that the conditions provided in the Master Indenture are met, such Additional Indebtedness may be secured under the Master Indenture on a parity basis with the Series 2018A Obligation. The Master Indenture permits the Members of the Obligated Group to issue or incur Subordinate Indebtedness without limit.

Disposition of Property. The Members of the Obligated Group will agree in the Master Indenture to restrictions on the disposition of their Property, including the hereinafter described Mortgaged Property, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sale, Lease or Other Disposition of Property"** in **APPENDIX D.**

Approval of Consultants. Upon selecting a Consultant as required under the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of such notice, notify the holders of all Obligations of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by the Master Trustee) to the Master Trustee within 15 days after the date that the notice is sent to the Obligation Holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of objections. If two thirds or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative may engage the Consultant. If more than one third in aggregate principal amount of the holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants**" in **APPENDIX D.**

Application for Rating. The Master Indenture provides that not later than 150 days after receipt by the Obligated Group Representative of the audited financial statements of the Obligated Group for each Fiscal Year, the Obligated Group

will approach any Rating Agency to obtain a credit rating until the Obligated Group obtains a credit rating of "BBB-" (or an equivalent rating) or better from any Rating Agency (an "***Investment Grade Credit Rating***"). Notwithstanding the foregoing, (a) the requirement to annually approach a Rating Agency shall be suspended for so long as the Obligated Group maintains an Investment Grade Credit Rating; and (b) the Obligated Group shall not be required to approach a Rating Agency to obtain a credit rating if the Obligated Group Representative reasonably believes that the Obligated Group will not meet the criteria of any Rating Agency for an Investment Grade Credit Rating based on the then-existing published rating criteria of the Rating Agencies. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Application for Rating"** in **APPENDIX D.**

Lock-Box Provisions. Upon the occurrence and during the continuance of an event of default under the Master Indenture, the Master Trustee shall give to the Obligated Group Representative a notice (the "***Lock-Box Notice***"). Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant to review the operating budget of the Obligated Group and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month-by-month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the "***Lock-Box Budget***"), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee within the 30 day period referred to above, the Consultant will modify the operating budget last submitted as the Consultant deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default under the Master Indenture have been cured, the Master Trustee will notify the Obligated Group Representative in writing that the lock-box provisions are suspended. Additionally, the Master Trustee may, in its discretion, at any time, agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Lock-Box Provisions**" in **APPENDIX D**.

Management's Financial Forecast

Management's financial forecast for the six fiscal years ending June 30, 2024 (***"Management's Financial Forecast"***) are included as **Appendix C** to this Official Statement. As stated in Management's Financial Forecast, there will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. **MANAGEMENT'S FINANCIAL FORECAST SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN.** See **APPENDIX C** hereto.

Forecasted Financial Information of the Corporation

The following table reflects the projected funds available for debt service and other financial ratios for the six fiscal years ending June 30, 2024, and has been extracted from Management's Financial Forecast included in **APPENDIX C** hereto. For purposes of calculating debt service requirements in the table below, management has assumed the following structure and terms of the Series 2018A Bonds:

For purposes of Management's Financial Forecast, management has assumed that the Series 2018A Bonds consist of $39,670,000 of tax-exempt fixed rate bonds to be issued at par with an assumed fixed interest rate of 5.35%, substantially level annual payments with interest payable on each May 1 and November 1 beginning May 1, 2019 and principal payable on each May 1 beginning May 1, 2020. For purposes of Management's Financial Forecast, management has assumed that the Series 2018B Bonds and the Series 2018C Bonds will, collectively, consist of approximately $29,000,000 of tax-exempt variable rate

bonds to be issued at par with a 30-month interest-only construction period and level annual debt service, with an integrated swap agreement for an all-in interest rate of 3.75%.

WESTMINSTER VILLAGE, INC.
FORECASTED FINANCIAL RATIOS
YEAR ENDING JUNE 30, 2019 THROUGH 2024

	2019	2020	2021	2022	2023	2024
DEBT SERVICE COVERAGE RATIO					Stabilization	
Change in Unrestricted Net Deficiency	($1,814,312)	($1,444,591)	($925,178)	$986,152	$1,512,456	$1,664,390
Add:						
Entry Fee receipts, net of refunds	$996,600	$1,046,430	$1,098,752	$1,153,689	$1,211,374	$1,271,942
Interest Expense	$1,456,125	$2,132,064	$2,620,689	$3,175,709	$3,125,770	$3,073,543
Depreciation & Amortization	$2,786,840	$3,151,295	$3,238,252	$3,326,078	$3,415,660	$3,507,035
Loss on Extinguishment of Bonds Payable	$520,756					
Deduct:						
Unrealized loss (gain) on SWAP agreements	($249,771)					
Entry fee amortization	($528,382)	($580,758)	($677,994)	($774,281)	($1,020,631)	($1,098,627)
Unrealized Investment gain (loss)	$44,017					
Funds Available for Debt Service	$3,167,856	$4,304,439	$5,354,520	$7,867,346	$8,244,629	$8,418,282
Annual Debt Service						
Series 2013 Bonds	$249,005					
Series 2018A Bonds	$1,285,581	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Series 2018B Bonds				$1,706,974	$1,706,205	$1,705,530
Total Maximum Annual Debt Service	$1,534,587	$2,571,163	$2,571,163	$4,278,136	$4,277,368	$4,276,693
Debt Service Coverage Ratio	**2.06**	**1.67**	**2.08**	**1.84**	**1.93**	**1.97**

DAYS CASH-ON-HAND	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Cash and Investments	$13,456,937	$12,862,065	$13,755,653	$16,799,668	$18,229,857	$19,786,416
Cash Operating Expenses *	$15,410,600	$17,585,696	$19,734,778	$21,306,356	$21,917,284	$22,507,680
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Days Cash-on-Hand	**319**	**267**	**254**	**288**	**304**	**321**

** Excludes Depreciation & Amortization*

CASH TO DEBT RATIO	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Assets Limited as to Use (DSRF)	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Total	$16,028,100	$15,433,228	$16,326,816	$19,370,831	$20,801,020	$22,357,579
Total Debt	$42,449,955	$62,574,437	$67,960,000	$66,860,000	$65,712,000	$64,510,000
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Cash to Debt Ratio	**0.38**	**0.25**	**0.24**	**0.29**	**0.32**	**0.35**

The above table should be considered in conjunction with the entire Management's Financial Forecast to understand management's assumptions upon which Management's Financial Forecast are based. There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. **MANAGEMENT'S FINANCIAL FORECAST SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN.**

No party has assumed any responsibility to update the information contained in Management's Financial Forecast after the delivery of the Series 2018A Bonds.

Financial Statements

The consolidated financial statements of the Corporation for years ended June 30, 2018 and 2017 appearing in **APPENDIX B** to this Official Statement have been audited by Mueller Prost L.C., independent auditors, as set forth in their report appearing herein. The financial statements included in **APPENDIX B** are consolidated financial statements with respect to the Corporation and certain affiliated entities that are not Members of the Obligated Group. The financial statements do not include supplementary consolidating information allocating the financial information between the Corporation and these entities. The summary consolidating financial information as of and for the years ended June 30, 2018, 2017 and 2016 and the

three-month periods ended September 30, 2018 and September 30, 2017 appearing in **APPENDIX A** to this Official Statement are derived from the unaudited financial statements of the Corporation.

Financial Disclosure and Reporting Requirements

Pursuant to the Master Indenture, the Corporation, as the Obligated Group Representative has agreed to furnish, or cause to be furnished, the following to the Required Information Recipients:

Quarterly Reports. Within 45 days of the end of the first three Fiscal Quarters of each Fiscal Year, and within 60 days of the end of the fourth Fiscal Quarter (which may be subject to final year-end adjustments), commencing with the Fiscal Quarter ending December 31, 2018:

(i) quarterly unaudited financial statements including the Obligated Group which, if applicable, shall include a combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial Entrance Fees, and, which, in each case, shall include a combining or consolidating statement of financial position, statement of activities and statement of cash flows for such such Fiscal Quarter and comparisons (on a fiscal year to date basis) to the annual operating budget of the Obligated Group.

(ii) an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve-month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds, and (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative.

(iii) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 or the Days Cash on Hand is less than the Liquidity Requirement for any Testing Date, the Obligated Group will deliver the financial information described in paragraph (i) above together with the calculations described in paragraph (ii) above, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a rolling twelve-month basis each month and the Days Cash on Hand as of the end of each month, within 45 days of the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.20:1 and the Days Cash on Hand is at least equal to the Liquidity Requirement.

Annual Financial Statements. Within 150 days of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, an annual audited financial report including the Obligated Group prepared by a firm of certified public accountants, including a statement of financial position, statement of activities, statement of functional expenses and statement of cash flows with, if applicable, an unaudited combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Year and showing for each Fiscal Year commencing June 30, 2019, in comparative form, the financial figures for the preceding Fiscal Year.

Annual Compliance Certificate. On or before the date of delivery of the annual financial reports referred to under "***Annual Financial Statements***," commencing with the Fiscal Year ended June 30, 2019, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, and (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any.

Operating and Capital Budgets. Within 45 days after the end of each Fiscal Year, a summary of the operating and capital budgets for the Fiscal Year then started.

Information Promptly Upon Receipt. Copies of (i) any board approved revisions to the annual budget of the Obligated Group, or (ii) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as a Tax-Exempt Organization or with respect to the tax-exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

Continuing Disclosure

The Corporation and the Bond Trustee, as dissemination agent, will enter into a Continuing Disclosure Agreement dated as of December 1, 2018 (the "***Continuing Disclosure Agreement***") for the benefit of the holders and Beneficial Owners of the Series 2018A Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and

Exchange Commission (the "***Rule***"). The Members of the Obligated Group are the only "obligated persons" with responsibility for continuing disclosure. The Authority has not made and will not make any provision to provide any annual financial statements or other credit information regarding the Members of the Obligated Group to investors on a periodic basis, and has no liability to any person, including any owner or Beneficial Owner of the Series 2018A Bonds, with respect to the Rule. Pursuant to the Continuing Disclosure Agreement, the Obligated Group has agreed to provide certain annual and quarterly financial information and operating data. For further information concerning the Obligated Group's obligations under the Continuing Disclosure Agreement, see "**FINANCIAL INFORMATION AND CONTINUING DISCLOSURE – Continuing Disclosure**."

Bondholders' Risks

An investment in the Series 2018A Bonds involves a certain degree of risk. See "**BONDHOLDERS' RISKS**" for a discussion of certain of these risks. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, careful evaluation should be made of management's assumptions and rationale described in Management's Financial Forecast, and certain factors that may adversely affect the ability of the Corporation or any future Members of the Obligated Group to generate sufficient revenues to pay expenses of operation, including the principal of, premium, if any, and interest on the Series 2018A Bonds.

Definitions and Summaries of Legal Documents

Definitions of certain words and terms used in this Official Statement are set forth in **APPENDIX D** and **APPENDIX E** of this Official Statement. Summaries of the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgage are also included in this Official Statement in **APPENDIX D** and **APPENDIX E**. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the offices of B.C. Ziegler and Company, at One North Wacker Drive, Suite 2000, Chicago, Illinois 60606, and will be provided without charge to any prospective purchaser requesting the same.

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OFFICIAL STATEMENT

$39,670,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS, SERIES 2018A
(WESTMINSTER VILLAGE)

INTRODUCTION

Purpose of this Official Statement

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to set forth information relating to the offering by the Illinois Finance Authority (the "***Authority***") of $39,670,000 Revenue Bonds, Series 2018A (Westminster Village) (the "***Series 2018A Bonds***").

The Authority

The Illinois Finance Authority is a body politic and corporate of the State of Illinois. The Authority was created under the Illinois Finance Authority Act, as amended from time to time (the "***Act***").

The Series 2018A Bonds

The Series 2018A Bonds will be issued and secured under a Bond Trust Indenture dated as of December 1, 2018 (the "***Bond Indenture***") between the Authority and UMB Bank, N.A., as bond trustee (the "***Bond Trustee***"). The Authority will loan the proceeds of the Series 2018A Bonds to Westminster Village, Inc., an Illinois not for profit corporation (the "***Corporation***"), pursuant to a Loan Agreement dated as of December 1, 2018 (the "***Loan Agreement***") between the Authority and the Corporation.

The Corporation will use the proceeds of the Series 2018A Bonds, together with certain other funds, to (i) refund all of the outstanding (a) Illinois Finance Authority Revenue Bonds, Series 2013 (Westminster Village Project) (the ***"Series 2013 Bonds"***), (b) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017A (Westminster Village Project) (the ***"Series 2017A Bonds"***), and (c) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017B (Westminster Village Project) (the ***"Series 2017B Bonds"*** and, collectively with the Series 2013 Bonds and the Series 2017A Bonds, the ***"Refunded Bonds"***); (ii) fund a debt service reserve fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2018A Bonds and the refunding of the Refunded Bonds. Unspent proceeds of the Refunded Bonds will be transferred to a project fund created under the Bond Indenture to pay costs of constructing, renovating, remodeling and equipping the Corporation's facilities

The Corporation

Westminster Village, Inc. (the ***"Corporation"***) is an Illinois not for profit corporation, incorporated in 1979, and is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the ***"Code"***), exempt from federal income taxation under Section 501(a) of the Code. The Corporation operates a life plan community known as Westminster Village (***"Westminster Village"***) located on an over 40-acre campus at 2025 E. Lincoln Street in Bloomington, McLean County, Illinois. Bloomington, Illinois, is a city in central Illinois and the home of Illinois State University, Illinois Wesleyan University and State Farm Insurance. It is located approximately 140 miles southwest of Chicago, Illinois and approximately 160 miles north-northeast of St. Louis, Missouri. A life plan community is an organization that offers a full range of housing, residential services and health care options in order to serve older residents as their health care needs change over time.

As of October 1, 2018, Westminster Village consisted of 177 independent living apartments, 21 independent living duplex units (one other duplex unit is used as a community clubhouse), 52 assisted living apartments and 78 licensed skilled nursing beds (39 of which are Medicare certified).

Westminster Village is an entrance fee life plan community designed for older adults, making available to them housing, residential services, an integrated wellness program, and long-term care.

Further information regarding the Corporation is included in **APPENDICES A, B** and **C** hereto.

The Foundation

The Westminster Village Foundation (the ***"Foundation"***) is an Illinois not for profit corporation and is a tax-exempt charitable organization under Section 501(c)(3) of the Code, exempt from federal income taxation under Section 501(a) of the

Code. The Foundation was established in 1983 to encourage philanthropic support of the residents and to enrich the lives of the residents of Westminster Village. Contributions support religious, social, artistic, recreational, educational and health care activities, as well as strive to enhance and/or improve the facilities and services of Westminster Village. All charitable donations for or on behalf of the Corporation are made directly to the Foundation.

The members of the Board of Directors of the Corporation are the members of the Foundation, and as such approve the members of the Board of the Foundation. The Foundation has a separate 15-member Board that meets four times per year. One member of the Foundation's Board must be selected from the Board of Directors of Westminster Village, The Foundation's Board is divided into three classes with each member of the Foundation Board serving a three-year term.

The Foundation has made donations to the Corporation in the last three fiscal years as follows:

Fiscal Year Ended June 30	Amount
2016	$102,714
2017	318,986
2018	141,826

The Foundation is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds and is not a Member of the Obligated Group (described herein).

WV Corner Holdings, LLC

In April 2016, the Corporation established WV Corner Holdings, LLC (***"WVCH"***) to serve as a holding company for property located in Bloomington other than the Westminster Village campus. The purpose of WVCH is to (a) acquire real property and associated personal property that is in the general vicinity of the Westminster Village campus, (b) own, hold, develop, construct improvements on, manage, operate, lease, encumber, finance, refinance, maintain, dispose, transfer or otherwise deal with that property as an investment and for the production of income and profit, (c) engage in other lawful activities that are related or necessary or useful to the furtherance of the foregoing, and (d) do all things incidental thereto. Thus far, WVCH has acquired two apartment buildings with a total of 39 rental units and an office building, all adjacent to the Westminster Village campus.

WVCH is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds and is not a Member of the Obligated Group (described herein).

The Master Indenture

The Series 2018A Bonds will be secured in part by the Corporation's Direct Note Obligation, Series 2018A (Illinois Finance Authority) in the principal amount of $39,670,000 (the "***Series 2018A Obligation***") to be issued pursuant to an Amended and Restated Master Trust Indenture dated as of December 1, 2018 (as supplemented and amended from time to time in accordance with its terms, the "***Master Indenture***"), between the Corporation, as the initial member of an obligated group created thereunder (a "***Member***" and collectively, the "***Obligated Group***"), and UMB Bank, N.A., as master trustee (the "***Master Trustee***").

The Master Indenture permits the Members of the Obligated Group to issue Additional Obligations on the terms and subject to the conditions set forth in the Master Indenture, which will be secured on a parity basis under the Master Indenture with the Series 2018A Obligation. The Series 2018A Obligation, the Series 2018B-1 Obligation, the Series 2018C-1 Obligation, the Bank Obligations, the Swap Obligations (each as described herein) and any Additional Obligations hereafter issued under the Master Indenture are referred to as the "***Obligations***."

The Series 2018A Obligation and all other Obligations issued under the Master Indenture will be secured on a parity basis by (i) a mortgage on certain real property of the Corporation pursuant to a Mortgage and Security Agreement dated as of May 1, 2017 (the "***Mortgage***") between the Corporation and the Master Trustee, and (ii) a pledge of the Gross Revenues of the Members of the Obligated Group. See "**SECURITY FOR THE SERIES 2018A BONDS – The Master Indenture**."

Management's Financial Forecast

Management's Financial Forecast for the six fiscal years ending June 30, 2024 (***"Management's Financial Forecast"***) are included as **Appendix C** to this Official Statement. As stated in Management's Financial Forecast, there will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. **MANAGEMENT'S FINANCIAL FORECAST SHOULD BE READ IN**

ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN. See **APPENDIX C** hereto.

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate of the State of Illinois (the "***State***"). The Authority was created under the Act, which consolidated seven of the State's previously existing financing authorities (the "***Predecessor Authorities***"). All bonds, notes or other evidences of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding $28,150,000,000 (subject to change, from time to time, by acts of the State Legislature), excluding bonds issued to refund bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by a 15-member board appointed by the Governor of the State with the advice and consent of the State Senate. The members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

The offices of the Authority are located at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. The Series 2018A Bonds of the Authority as described herein are special, limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the resolution and the Bond Indenture authorizing the issuance of such Series 2018A Bonds. The Series 2018A Bonds (and any premium or interest thereon) do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the State or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. No owner of any Series 2018A Bond shall have the right to compel any taxing power of the State or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Series 2018A Bonds. The Authority has no taxing power.

The Authority has not prepared any material for inclusion in this Official Statement, except that material under the headings "**THE AUTHORITY**" and "**LITIGATION – The Authority**." The Authority makes no warranty or representation, whether express or implied, with respect to Westminster Village or the Project or the location, use, operation, design, workmanship, merchantability, fitness, suitability for use for particular purpose, condition or durability thereof or title thereto. The Authority makes no representation with respect to the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

Authority Counsel

Certain legal matters with respect to the Series 2018A Bonds will be passed upon for the Authority by its special counsel, Nixon Peabody LLP, Chicago, Illinois.

PLAN OF FINANCE

The Series 2018A Bonds

The Corporation will use the proceeds of the Series 2018A Bonds, together with certain other funds to (i) refund the Refunded Bonds (defined below), (ii) establish a debt service reserve fund, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2018A Bonds and the refunding of the Refunded Bonds. Unspent proceeds of the Refunded Bonds will be transferred to a project fund created under the Bond Indenture to pay costs of constructing, renovating, remodeling and equipping the Corporation's facilities.

The Refunded Bonds

The Authority previously issued the Refunded Bonds to provide funds to loan to the Corporation to finance improvements to Westminster Village. As of the date of issuance of the Series 2018A Bonds, the outstanding aggregate principal amount of the Refunding Bonds will be $36,394,361. The Refunded Bonds will be redeemed on the date of issuance of the Series 2018A Bonds. Unspent proceeds of the Refunded Bonds will be transferred to a project fund created under the Bond Indenture to pay costs of constructing, renovating, remodeling and equipping the Corporation's facilities.

The Series 2018B Bonds and the Series 2018C Bonds

Concurrently with the issuance of the Series 2018A Bonds, the Authority is issuing its Revenue Bonds, Series 2018B (Westminster Village) (the ***"Series 2018B Bonds"***) and its Revenue Bonds, Series 2018C (Westminster Village) (the ***"Series 2018C Bonds"***) in the maximum aggregate principal amount of $29,000,000 in a direct purchase transaction with First Midwest Bank. The Corporation intends to draw upon the Series 2018B Bonds and the Series 2018C Bonds to provide funds to pay the costs of certain additional improvements to Westminster Village, all a described in **APPENDIX A** hereto.

The Series 2018B Bonds will be secured by the Corporation's Direct Note Obligation, Series 2018B-1 in a principal amount equal to the principal amount of the Series 2018B Bonds (the "***Series 2018B-1 Obligation***") and the Series 2018C Bonds will be secured by the Corporation's Direct Note Obligation, Series 2018C-1 in a principal amount equal to the principal amount of the Series 2018C Bonds (the "***Series 2018C-1 Obligation***"), issued and secured under the Master Indenture on a parity with the Series 2018A Obligation and any other Obligations hereafter issued under the Master Indenture. The documents relating to the Series 2018B Bonds and the Series 2018C Bonds contain covenants for the benefit of the holders of the Series 2018B Bonds or the Series 2018C Bonds, as applicable, which are solely for the benefit of and enforceable solely by the holders of such Bonds. These covenants can be modified by the Corporation and the holders of the Series 2018B Bonds or the Series 2018C Bonds, as applicable without notice to or the consent of the holders of Series 2018A Bonds, so the holders of the Series 2018A Bonds cannot rely upon the Corporation's agreements contained in such documents. The failure of the Corporation to comply with such covenants and agreements may, however, cause an event of default with respect to the Series 2018A Bonds. See **"BONDHOLDERS' RISKS – Series 2018B Bonds and Series 2018C Bonds Have Additional Covenants"** herein for a description of certain of these covenants. The Corporation's obligations to holders of the Series 2018B Bonds and the Series 2018C Bonds under those documents will be secured by one or more Obligations issued under the Master Indenture (collectively, the ***"Bank Obligations"***).

The Corporation anticipates entering into interest rate swap agreements with respect to the Series 2018B Bonds and Series 2018C Bonds. Neither the Loan Agreement nor the Master Trust Indenture limits the ability of a Member of the Obligated Group to enter into such agreements in the future so long as the Obligated Group is in compliance with the financial covenants contained in the Master Trust Indenture for the related Indebtedness. It is expected that the Corporation will issue one or more Obligations to secure its obligations with respect to interest rate swap agreements relating to the Series 2018B Bonds and the Series 2018C Bonds (collectively, the ***"Swap Obligations"***).

There is no debt service reserve for the Series 2018B Bonds or the Series 2018C Bonds and payment of the Series 2018B Bonds and the Series 2018C Bonds is **not** secured by moneys deposited in the Debt Service Reserve Fund established under the Bond Indenture.

Sources and Uses of Funds

The following is a summary of the estimated sources of funds, including the proceeds of the Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds and excluding certain de minimis amounts held by the trustee for the Refunded Bonds, and the uses of such funds in connection with the plan of financing:

Sources of Funds:	**Series 2018A Bonds**	**Series 2018B/ 2018C Bonds**	**Total**
Principal amount	$39,670,000	$28,892,892	$68,562,892
Plus net original issue premium	280,097	-	280,097
Equity Contribution	-	956,921	956,921
Total sources of funds	$39,950,097	$29,849,813	$69,799,910
Uses of Funds:			
Redemption of Refunded Bonds	$36,516,570	$ -	$36,516,570
Deposit to Project Fund	-	28,564,813	28,564,813
Deposit to Debt Service Reserve Fund	2,533,788	-	2,533,788
Funded Interest	-	950,000	950,000
Costs of issuance[(1)]	899,739	335,000	1,234,739
Total uses of funds	$39,950,097	$29,849,813	$69,799,910

(1) Includes Underwriter's discount, legal, accounting, administrative and miscellaneous fees and expenses well as the cost of obtaining a title insurance policy issued for the benefit of the Master Trustee.

Note: A portion of the proceeds of the Series 2017 Bonds are on deposit with the trustee for the Series 2017 Bonds. These funds were drawn on the Series 2017 Bonds to pay a portion of the costs of the first phase of improvements and are expected to be sufficient to pay all remaining costs of the first phase of improvements. Upon the issuance of the Series 2018A Bonds, the remaining unspent proceeds of the Series 2017 Bonds will be deposited in a project fund established by the Bond Trustee under the Bond Indenture and used to pay the remaining costs of the first phase of improvements.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual amounts (rounded to the nearest dollar) required to pay scheduled principal, including mandatory sinking fund payments, and interest on the Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds.

	Series 2018A Bonds			
Bond Year (May 1,)	**Principal**	**Interest**	**Series 2018B Bonds and Series 2018C Bonds***	**Total**
2019	$ -	$ 749,370	$ -	$ 749,370
2020	470,000	2,059,338	-	2,529,338
2021	495,000	2,038,188	404,740	2,937,928
2022	515,000	2,015,913	1,666,005	4,196,918
2023	540,000	1,992,738	1,728,365	4,261,102
2024	565,000	1,968,438	1,730,691	4,264,129
2025	590,000	1,943,013	1,727,303	4,260,315
2026	615,000	1,916,463	1,726,741	4,258,204
2027	645,000	1,888,788	1,726,158	4,259,946
2028	670,000	1,859,763	1,728,089	4,257,852
2029	700,000	1,829,613	1,724,925	4,254,537
2030	740,000	1,792,863	1,724,272	4,257,135
2031	775,000	1,754,013	1,723,595	4,252,608
2032	820,000	1,713,325	1,725,067	4,258,392
2033	860,000	1,670,275	1,722,162	4,252,437
2034	905,000	1,625,125	1,721,404	4,251,529
2035	955,000	1,577,613	1,720,618	4,253,230
2036	1,005,000	1,527,475	1,721,557	4,254,032
2037	1,055,000	1,474,713	1,718,953	4,248,666
2038	1,110,000	1,419,325	1,718,073	4,247,398
2039	1,170,000	1,361,050	1,717,160	4,248,210
2040	1,230,000	1,300,588	1,717,479	4,248,067
2041	1,295,000	1,237,025	1,715,226	4,247,251
2042	1,360,000	1,170,100	1,714,204	4,244,304
2043	1,430,000	1,099,813	1,713,143	4,242,955
2044	1,505,000	1,025,900	1,712,743	4,243,643
2045	1,585,000	948,113	1,710,897	4,244,009
2046	1,665,000	866,188	1,709,709	4,240,897
2047	1,750,000	780,125	1,708,477	4,238,602
2048	1,840,000	689,663	1,707,241	4,236,904
2049	1,935,000	594,550	-	2,529,550
2050	2,045,000	488,125	-	2,533,125
2051	2,155,000	375,650	-	2,530,650
2052	2,275,000	257,125	-	2,532,125
2053	2,400,000	132,000	-	2,532,000
Total†	$39,670,000	$47,142,358	$46,784,999	$133,597,356

* For purposes of this table, it has been assumed that the Series 2018B Bonds and the Series 2018C Bonds will, collectively, consist of approximately $29,000,000 of tax-exempt variable rate bonds to be issued at par with a 30-month interest-only construction period and level annual debt service, with an integrated swap agreement for an all-in interest rate of 3.75%. Funded interest has been excluded.

† May not total due to rounding.

THE SERIES 2018A BONDS

The following is a summary of certain terms and provisions of the Series 2018A Bonds. Reference is hereby made to the Series 2018A Bonds and the provisions with respect thereto in the Bond Indenture and the Loan Agreement for the detailed terms and provisions thereof.

The Series 2018A Bonds will be issued pursuant to the Bond Indenture and the proceeds of the Series 2018A Bonds will be loaned to the Corporation pursuant to the Loan Agreement. Contemporaneously with the issuance of the Series 2018A Bonds and to secure repayment of the loan made by the Authority to the Corporation under the Loan Agreement, the Corporation will issue and deliver to the Authority the Series 2018A Obligation.

General

The Series 2018A Bonds will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof ("***Authorized Denominations***"). The Series 2018A Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the respective rates per annum and will mature, subject to earlier redemption, on May 1 in the years and in the amounts set forth on the inside cover page of this Official Statement. The Series 2018A Bonds will bear interest from their dated date, payable on May 1 and November 1 (the "***Interest Payment Dates***") of each year, commencing May 1, 2019. The Series 2018A Bonds, as initially issued, will be dated their date of issuance.

Redemption of the Series 2018A Bonds

The Series 2018A Bonds will be subject to redemption prior to maturity, all as described below.

Optional Redemption. The Series 2018A Bonds are subject to redemption prior to maturity on or after May 1, 2025 at the option of the Authority upon direction of the Corporation out of amounts prepaid on the Series 2018A Obligation and deposited in the Optional Redemption Fund, in whole or in part at any time, and if in part by maturities or portions thereof designated by the Corporation (and if less than all of a single maturity is being redeemed, in such random manner as the Bond Trustee shall deem appropriate), at the following redemption prices (expressed as percentages of the principal amount of Series 2018A Bonds to be redeemed) plus accrued interest thereon to the date of redemption:

Period	Redemption Price
May 1, 2025 through April 30, 2026, inclusive	103%
May 1, 2026 through April 30, 2027, inclusive	102%
May 1, 2027 through April 30, 2028, inclusive	101%
May 1, 2028 and thereafter	100%

Bond Sinking Fund Redemption. The Series 2018A Bonds maturing on May 1, 2028 are subject to scheduled mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, as follows:

Series 2018A Bonds Maturing May 1, 2028

Redemption Date (May 1)	Principal Amount
2020	$470,000
2021	495,000
2022	515,000
2023	540,000
2024	565,000
2025	590,000
2026	615,000
2027	645,000
2028†	670,000

†Maturity.

The Series 2018A Bonds maturing on May 1, 2038 are subject to scheduled mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, as follows:

Series 2018A Bonds Maturing May 1, 2038

Redemption Date (May 1)	Principal Amount
2029	$ 700,000
2030	740,000
2031	775,000
2032	820,000
2033	860,000
2034	905,000
2035	955,000
2036	1,005,000
2037	1,055,000
2038†	1,110,000

†Maturity.

The Series 2018A Bonds maturing on May 1, 2048 and bearing interest at a rate of 5.000% are subject to scheduled mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, as follows:

5.000% Series 2018A Bonds Maturing May 1, 2048

Redemption Date (May 1)	Principal Amount
2039	$385,000
2040	405,000
2041	425,000
2042	445,000
2043	465,000
2044	490,000
2045	515,000
2046	540,000
2047	565,000
2048†	595,000

†Maturity.

The Series 2018A Bonds maturing on May 1, 2048 and bearing interest at a rate of 5.250% are subject to scheduled mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, as follows:

5.250% Series 2018A Bonds Maturing May 1, 2048

Redemption Date (May 1)	Principal Amount
2039	$ 785,000
2040	825,000
2041	870,000
2042	915,000
2043	965,000
2044	1,015,000
2045	1,070,000
2046	1,125,000
2047	1,185,000
2048†	1,245,000

†Maturity.

The Series 2018A Bonds maturing on May 1, 2053 are subject to scheduled mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, as follows:

Series 2018A Bonds Maturing May 1, 2053

Redemption Date (May 1)	Principal Amount
2049	$1,935,000
2050	2,045,000
2051	2,155,000
2052	2,275,000
2053†	2,400,000

†Maturity.

The deposits described above shall be reduced (i) by the amount of Series 2018A Bonds acquired and delivered in the open market at a price not exceeding the redemption price in accordance with the provisions of the Bond Indenture in satisfaction of such Bond Sinking Fund requirements and (ii) in connection with a partial redemption of Series 2018A Bonds if the Corporation elects to reduce mandatory Bond Sinking Fund redemptions for the Series 2018A Bonds in the manner provided in the Bond Indenture.

In lieu of redeeming Series 2018A Bonds, the Bond Trustee may, at the request of the Corporation, use such funds otherwise available under the Bond Indenture for redemption of Series 2018A Bonds to purchase for cancellation an equal principal amount of Series 2018A Bonds of the maturity to be redeemed in the open market at prices not exceeding the redemption price then applicable under the Bond Indenture. In the case of any optional or extraordinary redemption or any purchase and cancellation of Series 2018A Bonds with serial maturities, the Authority shall receive credit against the required Bond Sinking Fund deposits with respect to the Series 2018A Bonds of such serial maturity. In the case of any optional or extraordinary redemption or any purchase and cancellation of term Series 2018A Bonds, the Authority shall receive credit against its required Bond Sinking Fund deposits with respect to such term Series 2018A Bond in such order as the Corporation elects in writing prior to such optional or extraordinary redemption or purchase and cancellation or, if no such election is made, in the inverse order thereof.

Extraordinary Redemption. The Series 2018A Bonds are callable for redemption prior to maturity (i) in the event of damage to or destruction of, the Facilities or any part thereof of any Member of the Obligated Group or condemnation or sale consummated under threat of condemnation of the Facilities or any part thereof of any Member of the Obligated Group, if the Net Proceeds (as defined in the Master Indenture) of insurance, condemnation or sale received in connection therewith exceed the greater of (1) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value, of the Property, Plant and Equipment of the Obligated Group or (2) $1,000,000 plus an amount equal to $1,000,000 multiplied by the Construction Index from the level as of December 1, 2018, but only to the extent of the funds provided therefor in the Master Indenture and applied to prepay the Series 2018A Obligation; or (ii) in the event the Borrower shall exercise its option to prepay the Series 2018A Obligation in an amount sufficient to redeem all or a portion of the Series 2018A Bonds then outstanding. If called for redemption in the events referred to in (i) above, the Series 2018A Bonds shall be subject to redemption by the Authority at any time, in whole or in part, and if in part by maturities or portions thereof designated by the Borrower (and if less than all of a maturity is being redeemed, in such random manner as the Bond Trustee shall deem appropriate), at the principal amount thereof plus accrued interest to the redemption date and without premium from the Net Proceeds of such insurance or condemnation award but not in excess of the amount of such Net Proceeds applied to such purpose. If called for redemption in the event referred to in (ii) above, Series 2018A Bonds shall be subject to redemption upon direction of the Borrower, in whole or in part, at the times and in the manner and with the same premium set forth above as if such Series 2018A Bonds were being redeemed at the option of the Authority.

Selection for Redemption. No optional or extraordinary redemption of less than all of the Series 2018A Bonds at the time outstanding shall be made unless the aggregate principal amount of Series 2018A Bonds to be redeemed is equal to or more than $100,000 and is an Authorized Denomination and the aggregate principal amount of Series 2018A Bonds outstanding after the redemption is an Authorized Denomination.

Notice of Redemption; Effect. Notice of the redemption of Series 2018A Bonds pursuant to the provisions summarized above will be given by mailing a copy of such notice of redemption by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the registered owners of the Series 2018A Bonds to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing, will not affect the validity of any proceedings for the redemption of Series 2018A Bonds as to which notice has been properly given. Except for mandatory bond sinking fund redemptions, prior to the date that a redemption notice is first mailed, funds shall be placed with the Bond Trustee to pay the Series 2018A Bonds to be redeemed and the accrued interest thereon to the redemption date and the premium, if any, or such notice shall state that the redemption is conditional on such funds being deposited on the redemption date and that failure to make such a deposit shall not constitute an event of default under the Bond Indenture. Upon the happening of the above conditions, the Series 2018A Bonds, or portions thereof, thus called for redemption will not bear interest after such redemption date, will no longer be protected by the Bond Indenture and will not be deemed to be outstanding under the Bond Indenture.

Optional Purchase of Series 2018A Bonds in Lieu of Redemption. The Authority and, by their acceptance of the Series 2018A Bonds, the Bondholders, irrevocably grant to the Corporation and any assigns of the Corporation with respect to this right, the option to purchase, at any time and from time to time, any Series 2018A Bond which is subject to optional redemption as described above under "***Optional Redemption***" at a purchase price equal to the optional redemption price therefor. To exercise such option, the Corporation shall give the Bond Trustee a Written Request exercising such option within the time period specified in the Bond Indenture as though such Written Request were a written request of the Authority for redemption, and the Bond Trustee shall thereupon give the holders of the Series 2018A Bonds to be purchased notice of such mandatory tender and purchase in the same manner as a notice of redemption as described above under "***Notice of Redemption;***

Effect." The purchase of such Series 2018A Bonds shall be mandatory and enforceable against the Bondholders and the Bondholders will not have the right to retain their Series 2018A Bonds. On the date fixed for purchase pursuant to any exercise of such option, the Corporation shall pay or cause to be paid the purchase price of the Series 2018A Bonds then being purchased to the Bond Trustee in immediately available funds not later than 10:00 a.m. Chicago time on the purchase date, and the Bond Trustee shall pay the same to the sellers of such Series 2018A Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Series 2018A Bonds to be registered in the name of the Corporation or its nominee or as otherwise directed by the Corporation and shall deliver them to the Corporation or its nominee or as otherwise directed by the Corporation. In the case of the purchase of less than all of the Series 2018A Bonds, the particular Series 2018A Bonds to be purchased shall be selected in accordance with the selection process for redemption of Series 2018A Bonds as described above under "***Selection for Redemption***." No purchase of the Series 2018A Bonds as described in this paragraph shall operate to extinguish the indebtedness of the Authority evidenced thereby. Notwithstanding the foregoing, no such purchase of the Series 2018A Bonds pursuant to the terms of the Bond Indenture summarized under this subheading shall be made unless the Corporation shall have delivered to the Bond Trustee and the Authority concurrently with such purchase an Opinion of Bond Counsel to the effect that such purchase and any resale thereof will not affect the validity of the Series 2018A Bonds or any exemption from federal income taxation to which the interest on the Series 2018A Bonds would otherwise be entitled.

General Provisions

The Series 2018A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("***DTC***"). DTC will act as securities depository (the "***Securities Depository***") for the Series 2018A Bonds. So long as Cede & Co. is the registered owner, the Bond Trustee will pay such principal of and redemption price, if any, and interest on the Series 2018A Bonds to DTC, which will remit such principal, redemption price, if any, and interest to the Beneficial Owners (as hereinafter defined) of the Series 2018A Bonds, as described under the heading "**BOOK-ENTRY-ONLY SYSTEM**." Individual purchases of interests in the Series 2018A Bonds will be made in book-entry form only, in Authorized Denominations. Purchasers of such interests will not receive certificates representing their interest in the Series 2018A Bonds. For a description of the method of payment of principal, premium, if any, redemption price, if any, and interest on the Series 2018A Bonds and matters pertaining to transfers and exchanges while in the book-entry only system, see the information herein under the heading "**BOOK-ENTRY-ONLY SYSTEM**."

In the event the book-entry only system is discontinued, the following provisions would apply. The principal of, premium, if any, and interest on the Series 2018A Bonds shall be payable in any 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. The principal and premium, if any, on the Series 2018A Bonds at maturity or upon redemption shall be payable (i) upon presentment at the designated corporate trust office of the Bond Trustee, initially in Chicago, Illinois, or its agent or successor as Bond Trustee, or at the office of any alternate Paying Agent, if any, named in any such Series 2018A Bond or (ii) as to any registered owner of $1,000,000 or more in aggregate principal amount of Series 2018A Bonds who so elects by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing on or prior to the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. Except as provided below with respect to Defaulted Interest, payment of the interest on the Series 2018A Bonds shall be made to the person appearing on the Bond Register as the registered owner thereof at the close of business of the Bond Trustee on the Record Date for such interest payment and shall be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner's address as it appears on the Bond Register or at such other address as is furnished to the Bond Trustee in writing by the applicable Record Date by such owner, or (ii) as to any registered owner of $1,000,000 or more in aggregate principal amount of Series 2018A Bonds who so elects, by wire transfer of funds to such wire transfer address within the continental United States as such registered owner shall have furnished to the Bond Trustee in writing by the Record Date and upon compliance with the reasonable requirements of the Bond Trustee. The "***Record Date***" means the April 15 or October 15 (whether or not a Business Day) next preceding an Interest Payment Date. In the event of default in the payment of interest due on such Interest Payment Date, Defaulted Interest will be payable to the person in whose name such Series 2018A Bond is registered at the close of business on a special record date established by the Bond Trustee which special record date must not be more than 15 days nor less than 10 days preceding the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment (the "***Special Record Date***"). The Bond Trustee is required to cause notice of the proposed payment to be delivered to each registered owner of Series 2018A Bonds, as of the Special Record Date, not less than 10 days prior to such Special Record Date.

Exchange and Transfer

Upon surrender for transfer of any Series 2018A Bond at the designated corporate trust office of the Bond Trustee, the Authority shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2018A Bond or Series 2018A Bonds in Authorized Denominations of the same maturity for the aggregate principal amount which the registered owner is entitled to receive. Any Series 2018A Bond may be exchanged at said office of the Bond Trustee for a like aggregate principal amount of registered Series 2018A Bond or Series 2018A Bonds

of the same maturity of other Authorized Denominations. All Series 2018A Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Bond Trustee, duly executed by the registered owner or by such owner's duly authorized attorney.

No service charge shall be imposed upon the owner of any Series 2018A Bond requesting an exchange or transfer of any Series 2018A Bond. The Authority and the Bond Trustee may however, require the payment by the person requesting an exchange or transfer of Series 2018A Bonds of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, except in the case of the issuance of a Series 2018A Bond or Series 2018A Bonds for the unredeemed portion of a Series 2018A Bond surrendered for redemption in part.

The Authority and the Bond Trustee shall not be required to register the transfer of or exchange of any Series 2018A Bond after notice calling such Series 2018A Bond or portion thereof for redemption has been mailed or during the period of 15 days next preceding mailing of a notice of redemption of any Series 2018A Bonds of the same maturity.

The Authority and the Bond Trustee may treat the registered owner of any Series 2018A Bond as the absolute owner thereof for all purposes, whether or not such Series 2018A Bond shall be overdue, and shall not be bound by any notice to the contrary. All payments of or on account of the principal of and premium, if any, and interest on any such Series 2018A Bond shall be made only to or upon the written order of the registered owner thereof or such owner's legal representative, but such registration may be changed only as described in the Bond Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2018A Bond to the extent of the sum or sums so paid.

Advance Refunding of the Series 2018A Bonds

All or any portion of the Series 2018A Bonds may be advance refunded through the deposit in escrow of cash or noncallable Government Obligations for the benefit of the holders of such refunded Series 2018A Bonds. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Defeasance**" in **APPENDIX E**.

BOOK-ENTRY-ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry-Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter, the Authority, the Corporation or any future Member of the Obligated Group.

General

The Depository Trust Company ("***DTC***"), New York, NY, will act as securities depository for the Series 2018A Bonds. The Series 2018A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2018A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC and its Participants

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("***Direct Participants***") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("***DTCC***"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("***Indirect Participants***" and, together with the Direct Participants, the "***Participants***"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018A Bonds, except in the event that use of the book-entry system for the Series 2018A Bonds is discontinued.

Transfers

To facilitate subsequent transfers, all Series 2018A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2018A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2018A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting

Neither DTC nor Cede & Co. nor any other DTC nominee will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest

Redemption proceeds, distributions, and dividend payments on the Series 2018A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Series 2018A Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

Under the Bond Indenture, (a) the Authority or the Corporation may determine that (a) DTC is incapable of discharging its responsibilities described in the Bond Indenture or (b) that it is in the best interest of the beneficial owners of the Series 2018A Bonds that they be able to obtain certificated bonds. In that event, the use of the system of book-entry transfers through DTC (or a successor securities depository) will be discontinued and bond certificates will be printed and delivered.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Members of the Obligated Group believe to be reliable, but neither the Authority nor any Member of the Obligated Group takes any responsibility for the accuracy thereof.

Neither the Authority, the Underwriter, the Corporation, nor any future Member of the Obligated Group will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2018A Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Indenture to be given to Bondholders; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2018A Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

SECURITY FOR THE SERIES 2018A BONDS

General

The Series 2018A Bonds will be special, limited obligations of the Authority and will be payable solely from (i) payments or prepayments on the Series 2018A Obligation; (ii) payments or prepayments made under the Loan Agreement (other than payments with respect to Unassigned Rights); (iii) monies held by the Bond Trustee under, and to the extent provided in, the Bond Indenture; (iv) in certain circumstances, proceeds from insurance and condemnation awards or proceeds of sales made under the threat of condemnation and (v) income from the temporary investment of any of the foregoing. Certain investment earnings on monies held by the Bond Trustee under the Bond Indenture may be transferred to a Rebate Fund established pursuant to the Tax Exemption Agreement related to the Series 2018A Bonds. Amounts held in such Rebate Fund will not be part of the "trust estate" pledged to secure the Series 2018A Bonds, and consequently will not be available to make payments on the Series 2018A Bonds.

The Series 2018A Bonds, any premium thereon and the interest thereon constitute special, limited obligations of the Authority and, except to such limited extent, do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or loan of credit of the Authority, the State or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Authority is obligated to pay the principal of, premium, if any, and interest on the Series 2018A Bonds and other costs incidental thereto only from the sources specified in the Bond Indenture. Neither the full faith and credit nor the taxing powers of the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Series 2018A Bonds. No owner of any Series 2018A Bond shall have the right to compel the taxing power of the State or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Series 2018A Bonds. The Authority does not have the power to levy taxes for any purposes whatsoever.

The Bond Indenture

The Series 2018A Bonds will be issued by the Authority pursuant to the Bond Indenture. Under the Bond Indenture, the Authority will pledge and assign to the Bond Trustee as security for the payment of principal of, premium, if any, and interest on the Series 2018A Bonds, all of its right, title and interest in and to (i) the Loan Agreement and all payments derived by the Authority from the Corporation under the Loan Agreement (excluding the Authority's Unassigned Rights), (ii) the Series 2018A Obligation, and (iii) the funds created under the Bond Indenture and amounts held therein, including investment earnings (but excluding amounts on deposit in the Rebate Fund). See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE**" in **APPENDIX E**.

Debt Service Reserve Fund

Payment of the principal of, premium, if any, and interest on the Series 2018A Bonds will be additionally secured by moneys deposited to the credit of the Debt Service Reserve Fund established under the Bond Indenture. See "**SECURITY FOR THE SERIES 2018A BONDS - The Debt Service Reserve Fund**." A Debt Service Reserve Fund has been established with respect to the Series 2018A Bonds and will be funded, concurrently with the issuance of the Series 2018A Bonds, in an amount equal to $2,533,787.50, which is the initial Debt Service Reserve Requirement for the Series 2018A Bonds. The Debt Service Reserve Requirement for the Series 2018A Bonds is subject to adjustment as provided in the following definition: ***"Debt Service Reserve Requirement"*** means initially, $2,533,787.50 and, upon the maturity or redemption of any Series 2018A Bonds (by mandatory Bond Sinking Fund redemptions or otherwise), an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement during any Fiscal Year on the Series 2018A Bonds then outstanding, (ii) an amount equal to 10% of the outstanding principal amount of the Series 2018A Bonds or (iii) an amount equal to 125% of the average annual debt service requirements during any Fiscal Year on the Series 2018A Bonds, *provided* that the Maximum Annual Debt Service Requirement and the Debt Service Requirement for any of the Series 2018A Bonds will be calculated in accordance with the provisions of the Master Indenture.

Moneys 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) attributable to the Series 2018A Bonds; provided, however, that in connection with any partial redemption or defeasance prior to maturity of the Series 2018A Bonds, the Bond Trustee may, at the request of the Corporation, use any amounts on deposit in the Debt Service Reserve Fund that will be in excess of the Debt Service Reserve Fund Requirement after such redemption or defeasance to pay the principal portion of the redemption price of the Series 2018A Bonds to be redeemed or defeased. Money on deposit in the Debt Service Reserve Fund shall be invested in Qualified Investments as provided in the Bond Indenture.

Qualified Investments deposited in the Debt Service Reserve Fund shall be valued by the Bond Trustee on May 1 of each Fiscal Year (the "***Valuation Date***") on the basis of fair market value (which valuation shall take into account any accrued and unpaid interest). If on any Valuation Date the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon as provided in the Bond Indenture, the Loan Agreement requires the Corporation to restore the amount on deposit in the applicable Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement by deposit with the Bond Trustee of an amount equal to such deficiency in not more than 12 substantially equal monthly installments beginning with the first day of the seventh month after the month in which such draw occurred. If on any Valuation Date the amount on deposit in the Debt Service Reserve Fund is less than 90% of the Debt Service Reserve Fund Requirement as a result of a decline in the market value of the investments on deposit therein, the Loan Agreement requires the Corporation to deposit the amount necessary to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within 120 days following the date on which the Corporation receives notice of such deficiency. For more information concerning the Debt Service Reserve Fund, see **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Funds; Disposition of Revenues – 4. Debt Service Reserve Fund"** in **APPENDIX E**.

The Loan Agreement

The Loan Agreement will provide that the Corporation shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2018A Bonds when due. The Obligated Group's obligation to make payments on the Series 2018A Obligation shall be satisfied to the extent payments are made by the Corporation under the Loan Agreement. The Loan Agreement will also impose certain restrictions on the actions of the Corporation for the benefit of the Authority and the holders of the Series 2018A Bonds. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**" in **APPENDIX E**.

The Master Indenture

The Corporation's obligations under the Loan Agreement will be secured by the Series 2018A Obligation, which will be issued and secured under the Master Indenture. The Series 2018A Obligation will entitle the Bond Trustee, as the holder of the Series 2018A Obligation, to the protection and benefit of the covenants, restrictions and other obligations imposed on the Obligated Group by the Master Indenture.

The Master Indenture provides that payments on the Series 2018A Obligation, the Series 2018B-1 Obligation, the Series 2018C-1 Obligation, the Bank Obligations, the Swap Obligations and any other Additional Obligations issued under the Master Indenture will be the joint and several obligations of the Corporation and any future Members of the Obligated Group. The accounts of the Corporation and any future Members of the Obligated Group will be combined for financial reporting

purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of Additional Indebtedness) are satisfied. See "**BONDHOLDERS' RISKS – Certain Matters Relating to Enforceability of the Master Indenture**."

The Mortgage. The Series 2018A Obligation and all other Obligations issued under the Master Indenture will be secured by the Mortgage. The real property subject to the Mortgage (such property, the "***Mortgaged Property***") includes all of the property on which the primary operations of the Corporation are located. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE**" in **APPENDIX D**.

Gross Revenues. The Series 2018A Obligation will be secured by a security interest in the Gross Revenues of the Corporation and any future Members of the Obligated Group, subject only to Permitted Encumbrances. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Gross Revenues**" in **APPENDIX D**.

"***Gross Revenues***" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units or other areas of the Facilities to be leased to residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units.

Additional Indebtedness

The Master Indenture permits the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture. Under certain conditions specified therein, the Master Indenture will permit the Members of the Obligated Group to issue Additional Obligations that will not be pledged under the Bond Indenture, but will be equally and ratably secured by the Master Indenture with the Series 2018A Obligation. In addition, the Master Indenture will permit such Additional Obligations to be secured by security (including without limitation letters or lines of credit, insurance or Liens on the Property, including health care and senior living Facilities of the Obligated Group, or security interests in depreciation reserve, debt service or interest reserve or debt service or similar funds), which additional security need not extend to secure any other Indebtedness (including the Series 2018A Obligation or any other Obligations). See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness**" in **APPENDIX D**.

In determining compliance with a number of provisions of the Master Indenture, including the provisions governing the incurrence of Additional Indebtedness, the Obligated Group may assume that certain types of Indebtedness that bear interest at varying rates and that may not be payable over an extended term will bear interest over time at interest rates approximating current or recent long term fixed rates, will remain outstanding for a term longer than the actual term of such Indebtedness and will be amortized on a level debt service basis. The actual interest rates and payments on such Indebtedness may vary from such assumptions, and such variance may be material. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness**" and "**– Calculation of Debt Service and Debt Service Coverage"** in **APPENDIX D**.

The Master Indenture permits the Members of the Obligated Group to issue or incur Subordinate Indebtedness without limit. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE –**

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness" in **APPENDIX D**.

Amendments to the Master Indenture

The Master Indenture provides that certain amendments may be made to the Master Indenture with the consent of the holders of not less than a majority in aggregate principal amount of the Obligations which are Outstanding under the Master Indenture. Such amendments may be material and the Obligation holders providing the requisite consents to such amendments may be comprised entirely of the holders of Obligations other than the Series 2018A Obligation. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Supplemental Master Indentures and Amendments of the Mortgage Requiring Consent of Obligation Holders**" in **APPENDIX D**.

Certain Covenants of the Obligated Group

For the definitions of certain words and terms used in this section, see "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS" in **APPENDIX D**.

Rate Covenant. Each Member of the Obligated Group will agree in the Master Indenture that it will operate its facilities on a revenue-producing basis and charge such fees and rates for its facilities and services and exercise such skill and diligence such that the Historical Debt Service Coverage Ratio is at least 1.20:1 for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Rates and Charges**" in **APPENDIX D** for more detail.

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 for any such year, the Master Trustee shall require the Obligated Group, at the Obligated Group's expense, to select a Consultant within 30 days after the delivery of the Officer's Certificate disclosing such deficiency to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year. The Consultant shall be approved and retained as described under "**Approval of Consultants**" below. The Master Trustee shall not be obligated to require the Obligated Group to retain a Consultant to make such recommendations if (a) there is filed with the Master Trustee a written report of a Consultant that contains an opinion of such Consultant that applicable laws or regulations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to cause the Historical Debt Service Coverage Ratio to equal or exceed 1.20:1 and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1.

Except as provided in the next paragraph, if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.20:1 for any Fiscal Year, such failure shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

If the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year, such failure shall constitute an event of default under the Master Indenture unless the Obligated Group has at least 225 Days Cash on Hand as of the end of such Fiscal Year, in which case no event of default shall be deemed to have occurred; provided, however, that if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any two consecutive Fiscal Years, such failure shall constitute an event of default under the Master Indenture.

"Days Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing the sum of Expenses plus all expensed and capitalized interest on Indebtedness for the most recent trailing twelve-month period, as shown on the consolidating statement of operations within the most recent quarterly financial statements of the Obligated Group, by 365 or 366, as the case may be.

Liquidity Covenant. Each Obligated Group Member is required to conduct its business so that on each June 30 or December 31, commencing June 30, 2019 (each such date being a "***Testing Date***"), the Obligated Group shall have no less than 180 Days Cash on Hand (the "***Liquidity Requirement***").

If the number of Days Cash on Hand as of any such Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the number of Days Cash on Hand to the Liquidity Requirement for future periods. Such Consultant shall be approved as described under "**Approval of Consultants**" below.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to satisfy the Liquidity Requirement for any Testing Date shall not constitute an event of default if the Obligated Group takes all action necessary to comply with the requirements set forth above for adopting a plan or obtaining a Consultant's report (whichever is required) and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Liquidity Covenant**" in **APPENDIX D** (including the requirement to deliver an Officer's Certificate or to retain a Consultant if the Obligated Group fails to satisfy the Liquidity Requirement).

Disposition of Property. The Members of the Obligated Group will agree in the Master Indenture to restrictions on the disposition of their Property, including the Mortgaged Property, as more fully described under **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Sale, Lease or Other Disposition of Property"** in **APPENDIX D**.

Approval of Consultants. Upon selecting a Consultant as required under the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of such notice, notify the holders of all Obligations of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by the Master Trustee) to the Master Trustee within 15 days after the date that the notice is sent to the Obligation Holders. No later than two Business Days after the end of the 15-day objection period, the Master Trustee shall notify the Obligated Group of the number of objections. If two thirds or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative may engage the Consultant. If more than one third in aggregate principal amount of the holders of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Approval of Consultants**" in **APPENDIX D**.

Application for Rating. The Master Indenture provides that not later than 150 days after receipt by the Obligated Group Representative of the audited financial statements of the Obligated Group for each Fiscal Year, the Obligated Group will approach any Rating Agency to obtain a credit rating until the Obligated Group obtains a credit rating of "BBB-" (or an equivalent rating) or better from any Rating Agency (an "***Investment Grade Credit Rating***"). Notwithstanding the foregoing, (a) the requirement to annually approach a Rating Agency shall be suspended for so long as the Obligated Group maintains an Investment Grade Credit Rating; and (b) the Obligated Group shall not be required to approach a Rating Agency to obtain a credit rating if the Obligated Group Representative reasonably believes that the Obligated Group will not meet the criteria of any Rating Agency for an Investment Grade Credit Rating based on the then-existing published rating criteria of the Rating

Agencies. See **"SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Application for Rating"** in **APPENDIX D**.

Lock-Box Provisions. Upon the occurrence and during the continuance of an event of default under the Master Indenture, the Master Trustee shall give to the Obligated Group Representative a notice (the "***Lock-Box Notice***"). Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant to review the operating budget of the Obligated Group and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month-by-month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the "***Lock-Box Budget***"), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee within the 30 day period referred to above, the Consultant will modify the operating budget last submitted as the Consultant deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default under the Master Indenture have been cured, the Master Trustee will notify the Obligated Group Representative in writing that the lock-box provisions are suspended. Additionally, the Master Trustee may, in its discretion, at any time, agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Lock-Box Provisions**" in **APPENDIX D**.

BONDHOLDERS' RISKS

Set forth below are certain risk factors which should be considered before any investment in the Series 2018A Bonds is made. Certain risks are inherent in the successful operation of Westminster Village. This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the operation of Westminster Village or the payment of the Series 2018A Bonds.

General

The Series 2018A Bonds are limited obligations of the Authority payable by the Authority solely from amounts payable by the Corporation under the Loan Agreement or the Obligated Group under the Master Indenture. No representation or assurance is given or can be made that revenues will be realized by the Corporation or any future Members of the Obligated Group in amounts sufficient to pay debt service on the Series 2018A Bonds when due and other payments necessary to meet the obligations of the Corporation. The bondholders' risks discussed below should be considered in evaluating the ability of the Corporation to make payments in amounts sufficient to provide for the payment of the principal of, the premium, if any, and interest on the Series 2018A Bonds.

The receipt of future revenues by the Corporation, and the ability of the Corporation to access the credit market or obtain tax-advantaged financing, will be subject to, among other factors, federal and state law and policies affecting the non-profit, senior housing and health care industries (including potential changes in reimbursement rates and policies), increased competition from other senior housing and health care providers, the capability of the management of the Corporation and future economic and other conditions that are impossible to predict. The extent of the ability of the Corporation to generate future revenues has a direct effect upon the payment of, principal of, premium, if any, and interest on the Series 2018A Bonds. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Corporation.

Entrance into the Obligated Group

The Corporation is the sole member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other entities can become members of the Obligated Group. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE – Entrance into the Obligated Group**" in **APPENDIX D** hereto. Management of the Corporation currently has no plans to add additional members to the Obligated Group. However, if and when new members are added, the Obligated Group's financial situation and operations will likely be altered from that of the Corporation alone.

Uncertainty of Revenues

The Corporation has no assets other than Westminster Village and cash and investments derived from the operation of Westminister Village and is not expected to have any material revenues except those derived from operations of Westminister Village. The ability of the Corporation to make payments under the Loan Agreement and the Series 2018A Obligation is dependent upon the generation of revenues by the Corporation in amounts necessary to pay the principal, premium, if any, and interest thereon, and to pay other operating and capital expenses.

The receipt of future revenues by the Corporation will be subject to, among other factors, federal and state policies affecting the senior housing and health care industries (including changes in reimbursement rates and policies), increased competition from other senior housing and health care providers, the capability of the management of the Corporation, government regulation and future economic and other conditions that are impossible to predict. Some, but not necessarily all of these risk factors are discussed in this section below; these risk factors should be considered by investors considering any purchase of the Series 2018A Bonds.

No representation or assurance is given or can be made that revenues will be realized by the Corporation in amounts sufficient to pay debt service on the Series 2018A Bonds when due and other payments necessary to meet the obligations of the Corporation. The bondholders' risks discussed below should be considered in evaluating the ability of the Corporation to make payments in amounts sufficient to provide for the payment of the principal of the premium, if any, and interest on the Series 2018A Bonds. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Corporation.

Utilization Demand

Several factors could, if implemented, affect demand for services of Westminster Village, including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; and (iii) increased or more effective competition from nursing home, assisted living facilities and long-term care facilities now or hereafter located in the service area of Westminster Village. Decreased demand for the services of Westminster Village may adversely affect the Obligated Group's ability to generate sufficient revenues to make the required payments on the Series 2018A Bonds.

Existing Operations and Possible Increased Competition

The financial strength of the Corporation depends in large part upon the ability of the Corporation to attract sufficient numbers of residents and to maintain substantial occupancy at Westminister Village throughout the term of the Series 2018A Bonds. Because the services provided at Westminister Village are at a high level of quality (and the charges therefor are comparably set), Westminister Village competes for elderly persons seeking those levels of services and accommodations. There is a limited number of such persons in any community, including the community served by the Corporation, and the addition of even one additional facility with services attractive to such persons may have a significant effect on the Corporation. There can be no assurance that additional comparable facilities will not be constructed in the primary market area in the future. See "**COMPETITION AND SERVICE AREA**" in **APPENDIX A** hereto.

The Corporation competes with partnerships, corporations and other business entities and individuals that may have greater financial resources than those of the Corporation. The Corporation may face additional competition in the future as a result of the construction or renovation of competitive facilities in the primary or secondary market area of the Corporation. There may also arise in the future competition from other senior living facilities, some of which may offer similar facilities, but not necessarily similar services, at lower prices. The Corporation could also face increased competition for residents and patients if the population residing in the area served by Westminster Village declines or the proportion of persons able to pay the full cost of the services provided by Westminster Village decreases, thereby limiting the market from which the Corporation have to draw.

Special Considerations Regarding the Corporation and its Facilities

The Corporation's primary source of revenue are monthly fees under resident agreements, recognition of amortization of entrance fees, and payment of other charges and fees by residents and patients for "for-fee" services, including payments made on their behalf by the Medicare and Medicaid programs. There are certain risks that might prevent the Corporation from obtaining sufficient service fees or other revenues to meet all of its obligations, including its obligations under the Loan Agreement and the Series 2018A Obligation. Future revenues and expenses of the Corporation are subject to economic conditions over which the Corporation has no control and which may change in the future to an extent that cannot be determined at this time.

Availability of Revenues; Failure to Achieve or Maintain Turnover or Occupancy

No representation or assurance can be made that revenues, including but not limited to entrance fees, as presently estimated or otherwise, will be realized by the Corporation from the operation or disposition of the facilities in the amounts necessary to pay the principal of and interest on the Series 2018A Bonds. The economic viability of the facilities depends in large part upon the ability of the Corporation to maintain substantial occupancy and turnover of occupancy of the facilities throughout the term of the Series 2018A Bonds. As the residents die, withdraw from the independent units or transfer to either the assisted living or the skilled nursing facility, the vacated units must be successfully remarketed and reoccupied by new residents. If a substantial number of residents live beyond the anticipated life expectancies assumed by management or if the permanent transfers to the assisted living and residential care units or the skilled nursing facility are substantially less than assumed by management, or if market changes require a reduction in the amount of the fees payable by new residents, the receipt of additional fees would be curtailed, with a consequent impairment of the revenues of the Corporation's operations. Such impairment could also result if the Corporation is unable to remarket units as they become available. If the Corporation's operations fail to maintain occupancy levels, there may be insufficient funds to pay the debt service on the Series 2018A Bonds.

Tax Cuts and Jobs Act and Possible Future Federal Tax Legislation.

On December 22, 2017 President Trump signed Public Law No 115-97 (the "***Tax Cuts and Jobs Act***") into law. Among other changes, the Tax Cuts and Jobs Act significantly altered income tax rates, increased the threshold for individual alternative minimum tax, eliminated the corporate alternative minimum tax, eliminated the individual mandate from the hereinafter described Health Care Reform Law and made large scale changes to a number of other provisions of the Code, including changes which, as they go into effect, could have a material impact on the market value and marketability of the Series 2018A Bonds. The impact of the Tax Cuts and Jobs Act and any future federal tax reform legislation is not known at this time. Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the implications of the Tax Cuts and Jobs Act and any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Actual Results May Differ

Certain audited and unaudited historical financial information regarding the Corporation is set forth in **APPENDICES A** and **B** hereto. There can be no assurance that the financial results achieved in the future will be similar to historical results. Such future results will vary from historical results and the variations may be material. Therefore, the historical financial results cannot be taken as a representation that the Corporation will be able to fulfill its obligations under the Loan Agreement and the Series 2018A Obligation, respectively.

The financial forecast contained in Management's Financial Forecast included in **APPENDIX C** hereto is based upon assumptions made by management of the Corporation. As stated in the Management's Financial Forecast, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and such differences may be material. In addition, the financial forecast is only for the six fiscal years ending June 30, 2024 and consequently does not cover the whole period during which the Series 2018A Bonds may be outstanding. See Management's Financial Forecast included herein as **APPENDIX C**, which should be read in its entirety, including management's notes and assumptions as set forth therein.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTEE CAN BE MADE THAT THE FINANCIAL FORECAST IN MANAGEMENT'S FINANCIAL FORECAST WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES, EMPLOYEE RELATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, FAILURE BY MANAGEMENT TO EXECUTE ITS PLANS, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES, AND GENERAL ECONOMIC CONDITIONS.

Nature of Facilities

The Corporation's facilities are not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. Consequently, it could be difficult to find a buyer or lessee for such facilities and, upon any default, the Master Trustee may not realize the amount of the outstanding Series 2018A Bonds or any other Additional Indebtedness outstanding from the sale or lease of such facilities if it were necessary to proceed against such facilities, pursuant to a judgment, if any, against the Corporation including in the event of foreclosure under the Mortgage.

Rights of Residents

The Corporation enters into residency agreements with its residents. For more information about the residency agreements, see "**RESIDENCY AGREEMENTS**" in **APPENDIX A** hereto. Although these agreements give to each resident a contractual right to use space and do not give any ownership rights in Westminster Village, in the event that the Bond Trustee or the holders of the Series 2018A Bonds seek to enforce any of the remedies provided by the Bond Indenture upon the occurrence of a default or the Master Trustee seeks to enforce remedies under the Mortgage or the Master Indenture, it is impossible to predict the resolution that a court might make of competing claims among the Master Trustee, the Bond Trustee, the Authority or the holders of the Series 2018A Bonds and a resident of Westminster Village who has fully complied with all the terms and conditions of his or her Residency Agreement.

Additionally, Westminster Village may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain or reduce the level of monthly service fees with respect to the Corporation's facilities or other charges. Moreover, Westminster Village may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly service fees and other charges. No assurance can be given that Westminster Village will be able satisfactorily to meet the needs of such resident groups.

Sale of Personal Residences

Many prospective residents of Westminster Village are required to sell their homes to pay the entrance fee prior to occupancy or to meet other financial obligations under the Residency Agreements. If prospective residents encounter difficulties in selling their homes due to local or national economic conditions affecting the sale of residential real estate, such prospective resident may not have sufficient funds to pay any required entrance fee or to meet other financial obligations under the Residency Agreements, thereby causing a delay in remarketing of vacated units, which would have an adverse impact on the occupancy of the Corporation and the revenues of the Corporation.

Impact of a Recession and/or Slow Housing Market on the Corporation

During a recession or a slow housing market, prospective residents may experience more difficulty selling their existing homes. As a result, a greater number of inquiries by prospective residents may be required prior to a sale of a unit in Westminster Village, increasing the time and effort required to close on such a sale. Changing economic factors could also adversely affect the value of any investments the Corporation may have or restrict the Corporation's access to liquidity or credit facilities in the future.

Nature of Income of the Elderly

A large percentage of the monthly income of some of the residents and prospective residents of Westminster Village is fixed income, derived from pensions and social security. In addition, some residents may liquidate assets in order to pay entrance fees or to meet other financial obligations under the Residency Agreements. If the Corporation is required to increase such fees to cover increases in operating costs and other expenses, some residents and prospective residents may have difficulty paying, or be unable to pay, the increased entrance fees and monthly fees.

Regulation of Health Care and Long-Term Care Industries

General. The health care industry is highly dependent on a number of factors which may limit the ability of the Corporation to meet its obligations under the Loan Agreement, the Master Indenture and the Series 2018A Obligation. Among other things, participants in the health care industry (such as the Corporation) are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third-party reimbursement programs. Discussed below are certain of these factors which could have a significant effect on the future operations and financial condition of the Corporation. The Corporation is and will continue to be subject to certain governmental regulation. Illinois has enacted comprehensive legislation which regulates the Corporation. See "**REGULATIONS AND LICENSES - Healthcare Licensure**" in **APPENDIX A** hereto.

Health Care Reform. The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Affordability Reconciliation Act of 2010 (collectively referred to as the "***Health Care Reform Law***") was designed to overhaul the United States health care system and addresses almost all aspects of healthcare facility and provider operations, including the delivery of health care services, the financing of health care costs, healthcare provider reimbursement and the legal obligations of healthcare providers, insurers, employers and consumers. Attempts to amend and repeal the Health Care Reform Law have increased since the election of President Donald Trump, including the repeal of the individual mandate provisions of the Health Care Reform Law as part of the Tax Cuts and Jobs Act described above. The Congressional Budget Office forecasts that the repeal of the individual mandate could cause the number of uninsured to grow by approximately 4 million by 2019 and approximately 13 million by 2027. The Congressional Budget Office has previously forecasted that a full repeal of the Health Care Reform Law could cause the number of uninsured to grow by approximately 24 million by 2026. At this time it is not clear what impact, if any, the repeal of the individual mandate will have on the Health Care Reform Law or what the outcome or impact will be of any current or future attempts to repeal the Health Care Reform Law.

To date, substantial changes have already occurred in the United States health care system as a result of the Health Care Reform Law. Changes include new payment models which may result in lower health care provider reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While many providers may receive reduced payments for care, millions of previously uninsured Americans have obtained health insurance coverage as a result of the Health Care Reform Law. Cost containment measures and federal deficit reduction efforts will likely curb federal Medicare and Medicaid spending further to the detriment of health care providers.

The Health Care Reform Law includes a number of initiatives that impact skilled nursing facility reimbursement. There is no assurance that payments made by the Centers for Medicare & Medicaid Services ("***CMS***") as a result of reimbursement reform measures will be sufficient to cover a facility's costs. In addition, any future Congressional action related to value-based purchasing or adjustments to market basket updates could negatively affect the Corporation's revenues.

While management of the Corporation is currently operating within the framework of the Health Care Reform Law, management cannot predict with any reasonable degree of certainty or reliability any ultimate effects of the currently enacted legislation or promulgated regulations, or the ongoing legislative efforts to repeal and or replace current legislation or promulgated regulations, on the Corporation's operations or financial condition.

Medicare and Medicaid Programs. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, blind, disabled, or qualify for the end stage renal disease program. Medicaid is a program of financial assistance, funded jointly by the federal government and each of the various states, primarily for medical assistance to certain needy individuals and their dependents. Due to health care reform as well as continuing political and financial pressures, the legal and regulatory environment surrounding the Medicaid and Medicare programs has been changing and is expected to continue to change. Future changes to Medicare and Medicaid may alter features including: (1) services eligible for payment; (2) rates of payment; (3) eligibility requirements to participate or qualify for different levels of payment/reimbursement; (4) consequences of violations; (5) rates and requirements relating to additional payments unrelated to services offered to patients; (6) guidelines relating to interactions between the participating healthcare providers, third party payors and the federal and state governments; and (7) payment methodologies. Past federal budgets have contained cuts to the Medicare program budget. In addition, due to the sequestration required by the Budget Control Act of 2011, annual cuts to the Medicare program of 2% of total program costs are expected to continue through 2023. While it is uncertain whether future federal budgets will propose additional cuts to these programs, any reduction in the level of Medicare spending or a reduction in the rate of increase of Medicare spending may have an adverse impact on the revenues of the Corporation derived from the Medicare program. For a description of the Corporation's payor mix related to its skilled nursing units, including Medicare reimbursement, *see* "**FINANCIAL INFORMATION**" in **APPENDIX A** hereto.

Skilled Nursing Facility ("***SNF***") services are covered by the Medicare program only if the patient spends at least three consecutive days as a hospital inpatient for a related condition prior to admission to the SNF and if the patient was admitted to the SNF within 30 days of discharge from the hospital. Medicare reimburses for such post hospital inpatient nursing services provided by the SNF for up to 100 days for each spell of illness, subject to coinsurance and deductible payments from the patient.

SNFs are paid pursuant to a prospective payment system ("***PPS***"). Pursuant to this PPS, SNFs are paid a case mix adjusted federal per diem rate for Medicare covered SNF services. The per diem rate is calculated to cover routine service costs, ancillary costs, and capital related costs. The PPS rates are adjusted annually using a SNF market basket index. The rates are also adjusted by the hospital wage index to account for geographic variations in wages. There is no assurance that payments made by CMS will be sufficient to cover the facility's costs. In addition, any future Congressional action to decrease the SNF PPS per diem rates or establishment of an alternative classification system could negatively affect the Corporation's revenues.

Illinois Medicaid. In Illinois, Medicaid is administered by the Illinois Department of Healthcare and Family Services ("***IDHFS***"). The State continues to be adversely affected by fiscal considerations that affect the budget for programs such as Medicaid. Historically, federal payments and the amount appropriated by the Illinois General Assembly for payment of Medicaid claims have not been sufficient to reimburse hospitals for their actual costs in providing services to Medicaid patients. Also, the state has routinely failed to pay Medicaid claims on a timely basis. Since 2012, Illinois has cut approximately $1.6 billion from the state's Medicaid funding, representing approximately $1.36 billion in program reductions and $240 million in reimbursement rate cuts. Illinois also limits the maximum amount of unpaid Medicaid Assistance bills received and recorded by IDHFS on or before June 30 of a particular fiscal year that may be paid by IDHFS from future fiscal year Medicaid Assistance appropriations to $100 million each fiscal year after 2014. The reduction in Medicaid services and programs, as well as any failure by the State to pay Medicaid claims on a timely basis, may have an adverse effect on the Corporation's cash flow and financial condition.

In July 2013, the State enacted the Expanded Medicaid Act, expanding Medicaid health coverage to adults under the age of 65 with incomes under 138% of the federal poverty level. The federal government paid 100% of the cost of the newly eligible Medicaid recipients in 2014, 2015 and 2016, with the matching level phasing down (beginning in 2014, by about 2% per year) to 90% by 2020 and subsequent years. It is unclear if and to what extent any federal legislative efforts to repeal, amend or reduce funding for the Health Care Reform Law will have an impact on Medicaid expansion in Illinois.

Illinois Regulations Governing Assisted Living Facilities. Illinois assisted living facilities tend to provide residential living accommodations, communal meals and concierge services. In addition, assisted living facilities usually offer or arrange for some personal care assistance, including bathing, dressing and ambulating. Assisted living facilities in Illinois are subject to licensure as described below.

The Assisted Living and Shared Housing Act (the "***ALSH Act***") establishes a licensing and regulatory framework for "assisted living establishments" in Illinois. Failure to comply with the ALSH Act and other regulations governing life care and assisted living facilities could have a material adverse effect on the operations of the Corporation and any future Member of the Obligated Group.

Illinois Licensure of Long-Term Care Facilities. The Illinois Department of Public Health ("***IDPH***") licenses, regulates and inspects at least annually all long-term care facilities within the state. IDPH also assists the CMS with certifying these facilities for participation in federal payment reimbursement programs. IDPH's Bureau of Long-term Care is responsible for ensuring that nursing homes comply with the provisions of the Illinois Nursing Home Care Act. In addition, under a cooperative agreement with CMS, IDPH conducts certification surveys to ensure facilities receiving Medicaid or Medicare money for resident payment abide by applicable federal regulations. According to IDPH, IDPH conducts about 10,000 surveys each year, including annual licensure inspections, complaint investigations and re-inspections.

Nursing homes in Illinois are licensed, regulated, inspected and certified by a number of public and private agencies at the state and federal levels, including IDPH and CMS. Failure to obtain and maintain licensure with IDPH would have a material adverse effect upon the Corporation and any future Member of the Obligated Group's ability to operate its facilities.

State Laws. States are increasingly regulating the delivery of health care services in response to the federal government's failure to adopt comprehensive health care reform measures. State legislatures have cited their right and obligation to regulate and oversee health care insurance and have enacted sweeping measures that aim to protect consumers and in some cases providers.

Future Legislation. Health care is an area of extensive and dynamic regulatory change. Changes in the law or new interpretations of existing laws may have a dramatic effect on the definition of permissible or impermissible activities, the relative costs associated with doing business and the amount of reimbursement by government and third-party payors. The ultimate timing or effect of health care legislation on the Corporation cannot be predicted, and no assurance can be given that any such efforts will not have a material adverse effect on the Corporation's revenues and operations.

The Corporation cannot predict the impact any current or future health care proposals will have on the Corporation or its residents.

Privacy Laws. Specific state and federal laws govern the use and disclosure of confidential patient health information, as well as patients' rights to access and amend their own health information. The Administrative Simplification Requirements of the Health Insurance Portability and Accountability Act of 1996 (***"HIPAA"***) established national standards to facilitate the electronic exchange of Protected Health Information (***"PHI"***) and to maintain the privacy and security of the PHI. These standards have a major effect on health care providers which transmit PHI in electronic form in connection with HIPAA standard transactions (e.g., health care claims). In particular, HIPAA established standards governing: (1) electronic transactions and code sets; (2) privacy; (3) security; and (4) national identifiers. The Corporation has developed policies,

procedures and practices that it believes comply with the HIPAA standards and requirements, but, if it was determined that any the Corporation was not in compliance, there could be criminal and civil penalties imposed.

Title XIII of the Health Care Reform Law, otherwise known as the Health Information Technology for Economic and Clinical Health Act (the ***"HITECH Act"***), provides for an investment of almost $20 billion in public monies for the development of a nationwide health information technology (***"HIT"***) infrastructure. The HIT infrastructure is intended to improve health care quality, reduce costs and facilitate access to certain information. The HITECH Act also expands the scope and application of the administrative simplification provisions of HIPAA, and its implementing regulations, (i) imposing a written notice obligation upon covered entities for security breaches involving "unsecured" PHI, (ii) expanding the scope of a provider's electronic health record disclosure tracking obligations, (iii) substantially limiting the ability of health care providers to sell PHI without patient authorization, (iv) increasing penalties for violations, and (v) providing for enforcement of violations by state attorneys general. While the effects of the HITECH Act cannot be predicted at this time, the obligations imposed thereunder could have a material adverse effect on the financial condition of the Corporation.

Medicare and Medicaid Anti-Fraud and Abuse Provisions. The Medicare and Medicaid anti-fraud and abuse provisions of the Social Security Act (the "***Anti-Kickback Law***") make it a felony, subject to certain exceptions, to engage in illegal remuneration arrangements with physicians and other health care providers for the referral of Medicare beneficiaries or Medicaid recipients. Violation of these provisions constitutes a felony and may result in imprisonment for up to five years and fines of up to $25,000. In addition, the U.S. Department of Health and Human Services ("***HHS***") has the authority to impose civil assessments and fines, and may exclude providers engaged in prohibited activities from participation in the Medicare and Medicaid programs, as well as certain other state and federal health care programs. The Secretary of HHS is required to exclude from such programs any providers convicted of a criminal offense relating to the delivery of Medicare or Medicaid services, for not less than five years. Exclusion from these programs would have a material adverse effect on the operations and financial condition of the Corporation. The scope of prohibited payments in the Anti-Kickback Law is broad. HHS has published regulations which describe certain arrangements that will not be deemed to constitute violations of the Anti-Kickback Law. The safe harbors described in the regulations are narrow and do not cover a wide range of economic relationships which many hospitals, physicians and other health care providers consider to be legitimate business arrangements not prohibited by the statute. Because the regulations describe safe harbors and do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources, health care providers having these arrangements or relationships may be required to alter them in order to ensure compliance with the Anti-Kickback Law.

Management of the Corporation believes that it is currently in material compliance with the Anti-Kickback Law. However, in light of the narrowness of the safe harbor regulations and the scarcity of case law interpreting the Anti-Kickback Law, there can be no assurances that the Corporation will not be found to have violated the Anti-Kickback Law, and, if so, whether any sanction imposed would have a material adverse effect on the operations of Westminster Village.

Restrictions on Referrals. Current federal law (known as the "***Stark***" law provisions) prohibits providers of "designated health services" from billing Medicare or Medicaid when the patient is referred by a physician or an immediate family member with a financial relationship with the provider, with limited exceptions. "Designated health services" include the following: clinical laboratory services; physical therapy services; occupational therapy services; radiology services, including magnetic resonance imaging, computerized axial tomography scans, and ultrasound services; radiation therapy services and supplies; durable medical equipment and services; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics, and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. The sanctions under the Stark law include denial and refund of payments, civil monetary penalties and exclusions from the Medicare and Medicaid programs.

Management of the Corporation believes that it is currently in material compliance with the Stark provisions. However, in light of the scarcity of case law interpreting the Stark provisions, there can be no assurances that the Corporation will not be found to have violated the Stark provisions, and if so, whether any sanction imposed would have a material adverse effect on the operations or the financial condition of the Corporation.

False Claims Act/Qui Tam Actions. The False Claims Act provides that any person who "knowingly presents, or causes to be presented" a "false or fraudulent claim for payment or approval" to the United States, and its agents and contractor is liable for a civil penalty ranging from $5,500 to $11,000 per claim, plus three times the amount of damages sustained by the government. Under the False Claims Act's so-called "reverse false claims," liability also could arise for "using" a false record or statement to "conceal," "avoid" or "decrease" an "obligation to pay or transmit money or property to the Government." The False Claims Act also empowers and provides incentives to private citizens (commonly referred to as qui tam relator or whistleblower) to file suit on the government's behalf. The qui tam relator's share of the recovery can be between 15% and 25% in cases in which the government intervenes, and 25% to 30% in cases in which the government does not intervene.

Medicare requires that extensive financial information be reported on a periodic basis and in a specific format or content. These requirements are numerous, technical and complex and may not be fully understood or implemented by billing or reporting personnel. With respect to certain types of required information, the False Claims Act may be violated by mere negligence or recklessness in the submission of information to the government even without any intent to defraud. New billing systems, new medical procedures and procedures for which there is not clear guidance may all result in liability.

Amendments to the False Claims Act in the Fraud Enhancement and Recovery Act of 2009 (***"FERA"***) and the Health Care Reform Law amended and expanded the reach of the False Claims Act. FERA expanded the False Claims Act's reverse false claims provision, imposing liability on any person who "knowingly conceals" or "knowingly and improperly avoids or decreases" an "obligation to pay or transmit money or property to the Government," whether the person uses a false record or statement to do so or not. FERA also clarified that an "obligation" can arise from the retention of an overpayment. Section 6402 of the Health Care Reform Law further addresses the retention of overpayments by defining the term overpayment and the circumstances and timing under which an overpayment need be returned to the government before it becomes an "obligation" under the False Claims Act. FERA and the Health Care Reform Law also amend certain jurisdictional bars to the False Claims Act, effectively narrowing the public disclosure bar and expanding the definition of "original source," thus potentially broadening the field of potential whistleblowers. The potential exists that a Qui Tam action could be brought against the Corporation.

Certain Matters Relating to Enforceability of the Master Indenture

The obligation of the Members of the Obligated Group to make payments on the Series 2018A Obligation will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including the Series 2018A Obligation pledged under the Bond Indenture as security for the Series 2018A Bonds. The obligations described herein of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles, (2) such payments (i) are requested with respect to payments on any Obligations issued by a Member other than the Member from which such payment is requested, issued for a purpose which is inconsistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets that are donor-restricted or that are subject to a direct or express trust that does not permit the use of such moneys or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws and (3) specific enforcement or injunctive relief is not available. The extent to which the assets of any future Member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Series 2018A Obligation cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to pay debt service on the Series 2018A Obligation may be voided by a trustee in bankruptcy in the event of bankruptcy of a Member of the Obligated Group, or by third-party creditors in an action brought pursuant to Illinois fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Illinois fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Illinois fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that the Member of the Obligated Group is analogous to a guarantor of the debt of the Member of the Obligated

Group who directly benefited from the borrowing and that sufficient consideration for such Member's guaranty was not received and that the incurrence of such Obligation has rendered or will render the Member of the Obligated Group insolvent.

The effectiveness of the security interest in the Obligated Group's Gross Revenues granted in the Master Indenture may be limited by a number of factors, including without limitation: (i) present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions that cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of any Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid, General Assistance and other governmental programs; (iii) commingling of the proceeds of Gross Revenues with other moneys of a Member of the Obligated Group not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws which may affect the enforceability of the Mortgage (if granted as required by the Master Indenture under certain circumstances), or the security interest in the Gross Revenues of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against a Member of the Obligated Group; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Illinois Uniform Commercial Code as from time to time in effect.

Pursuant to the Master Indenture, each Member of the Obligated Group who pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an event of default should occur and be continuing, it will, upon the direction of the Master Trustee, deposit the proceeds of its Gross Revenues with the Master Trustee.

There exists, in addition to the foregoing, common law authority and authority under Illinois statutes pursuant to which the related state courts may terminate the existence of a not for profit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion pursuant to a petition of the Illinois Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Additional Indebtedness

The Master Indenture permits the Members of the Obligated Group to issue or incur Indebtedness, which may be secured by Obligations on a parity with the Series 2018A Obligation. The Master Indenture permits the Members of the Obligated Group to issue or incur Subordinate Indebtedness without limit. See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Permitted Additional Indebtedness**" in **APPENDIX D**. In the future, the issuance or incurrence of such obligations could increase the debt service and repayment requirements of the Obligated Group in a manner which would adversely affect debt service coverage on the Series 2018A Bonds.

Construction Risks

Construction of the remainder of the Project is subject to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, shortages of materials and adverse weather conditions. Such events could result in delaying construction and occupancy of the Project and cause the costs of construction of the Project to increase. It is anticipated that the proceeds from the sale of the Series 2018B Bonds and Series 2018C Bonds, together with certain unexpended proceeds of the Series 2017 Bonds, will be sufficient to complete the construction and equipping of the Project. Cost overruns for projects of this magnitude, however, may occur. In addition, the completion dates may be extended by reason of changes authorized by the Corporation, delays due to acts or neglect of the Corporation or by independent contractors employed by the Corporation, or by labor disputes, fire, delays in obtaining all necessary permits, unusual delay in transportation, adverse conditions not reasonably anticipated, unavoidable casualties or any causes beyond the control of the Corporation or the contractor for the Project. Cost overruns could also result in the Corporation not having sufficient moneys to complete construction of the Project. Any such insufficiency or significant delay in construction and occupancy of the Project could materially affect the receipt of revenues needed to pay debt service on the Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds. See "**FACILITIES – Repositioning of Campus"** in **APPENDIX A** hereto for a more detailed discussion of the Project.

Series 2018B Bonds and Series 2018C Bonds Have Additional Covenants

In connection with the issuance of the Series 2018B Bonds and Series 2018C Bonds, the Corporation will enter into agreements with the purchaser of such Bonds (collectively, the "Bank Agreements") that contain certain covenants and

restrictions (collectively, the "Bank Covenants") for the benefit of the holders of the Series 2018B Bonds and Series 2018C Bonds. The Bank Covenants are in addition to, and in certain cases more restrictive than, the covenants in the Master Indenture. The Bank Covenants include but are not limited to covenants restricting: the incurrence of any Indebtedness or Guaranties, merger or consolidation, the sale lease or other disposition of Property, additional capital improvements other than the Phase II Project, and the addition or withdrawal of Obligated Group Members. In addition, the Bank Covenants include financial ratios that are similar to those provided in the Master Indenture, but have immediate events of default for noncompliance and, in the case of the liquidity covenant, requires 225 Days Cash on Hand rather than 180 Days Cash on Hand as required by the Master Indenture. These Bank Covenants are solely for the benefit of, and enforceable solely by, the holders of the Series 2018B Bonds and the Series 2018C Bonds. These Bank Covenants may be waived, modified or amended by the related holders of the Series 2018B Bonds and Series 2018C Bonds in their sole discretion and without notice to or consent by the Bond Trustee, the Master Trustee, the holders of the Series 2018A Bonds, the holders of any Obligations or any other Person. Accordingly, the holders of the Series 2018A Bonds cannot rely upon the Bank Covenants or the other provisions of the Bank Agreements. Violation of one or more of the Bank Covenants may result in an event of default under the related Bank Agreement, which may result in an event of default under the Master Indenture, which could result in acceleration of all of the Obligations, including the Series 2018A Obligation.

Environmental Laws and Regulations

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations, which address, among other things, health care operations and facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the health care facility, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes, and (f) other requirements.

In their roles as the owners and operators of properties or facilities, the Corporation may be subject to liability for investigating and remedying any hazardous substances that may have migrated off of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Corporation will not encounter such risks in the future, and such risks may result in adverse consequences to the operation or financial condition of the Corporation.

Corporate Compliance Program

The Corporation has a compliance program which includes a compliance plan to assist all employees in understanding and adhering to the legal and ethical standards that govern the provision of patient care (the ***"Compliance Plan"***). The Compliance Plan has been designed to (i) comply with the Patient Protection and Affordable Care Act and with the standards set forth in the Federal Sentencing Guidelines for Organizational Defendants and (ii) help assure that the Corporation acts in accordance with its mission, values and known legal duties.

Antitrust

Enforcement of the antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances, including physician contracting or employment disputes, third-party contracting, employee relations, and joint venture, merger, affiliation and acquisition activities. In some respects, the application of federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Violators of the antitrust laws could be subject to criminal and civil enforcement by federal and state agencies, as well as by private litigants.

The ability to consummate mergers, acquisitions or affiliations may also be impaired by the antitrust laws, potentially limiting the ability of health care providers to fulfill their strategic plans. Liability in any of these or other antitrust areas of liability may be substantial, depending on the facts and circumstances of each case.

Intermediate Sanctions

The Taxpayers Bill of Rights, referred to for purposes of this Official Statement as the Intermediate Sanctions Law, allows the Internal Revenue Service (the "***IRS***") to impose "intermediate sanctions" against certain individuals in circumstances involving the violation by tax-exempt organizations of the prohibition against private inurement. Prior to the enactment of the Intermediate Sanctions Law, the only sanction available to the IRS was revocation of an organization's tax-exempt status. Intermediate sanctions may be imposed in situations in which a "disqualified person" (such as an "insider") (i) engages in a transaction with a tax-exempt organization on other than a fair market value basis, (ii) receives unreasonable compensation from a tax-exempt organization or (iii) receives payment in an arrangement that violates the prohibition against private inurement. These transactions are referred to as "excess benefit transactions." A disqualified person who benefits from an excess benefit transaction will be subject to an excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in the excess benefit transaction knowing it to be improper are subject to an excise tax equal to 10% of the amount of the excess benefit, subject to a maximum penalty of $20,000. A second penalty, in the amount of 200% of the excess benefit, may be imposed on the disqualified person (but not upon the organizational manager) if the excess benefit is not corrected within a specified period of time.

Risks Related to Tax-Exempt Status

Tax Exemption for Nonprofit Health Care Providers. The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Corporation of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Corporation and thereby the revenues of the Corporation. As a Tax-Exempt Organization, the Corporation is subject to a number of requirements affecting its operations. The failure of the Corporation to remain a qualified as Tax-Exempt Organizations would affect the funds available to the Obligated Group for payments to be made under the Obligations issued under the Master Indenture. Failure of the Corporation or the Authority to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of facilities financed with tax-exempt bond proceeds, could cause interest on the Series 2018A Bonds to be included in the gross income of owners or former owners for federal income tax purposes.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit organizations. There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Corporation or any future Member of the Obligated Group by requiring it to pay income or real estate taxes.

The IRS has issued revenue rulings dealing specifically with the manner in which an organization providing residential services to the elderly must operate in order to maintain its exemption as an organization described in Section 501(c)(3). Revenue Ruling 61-72 holds that an organization providing residential services to the elderly qualified for exemption under Section 501(c)(3) where the organization: (1) was dedicated to providing care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship; (2) rendered, to the extent of its financial ability, services to all or a reasonable proportion of its residents at rates substantially below actual cost; and (3) rendered services that ministered to the needs and the relief of hardship or distress among the elderly. Revenue Ruling 72-124 holds that an organization will qualify for exemption under Section 501(c)(3) if it meets the elderly's special needs for housing, health care, and financial security. The need for housing will be met if the facility is specifically designed to meet some combination of the physical, emotional, social, religious, and recreational needs of the elderly. The need for health care will be met if the organization provides or arranges for some form of health care. The need for financial security will be met if the organization is committed to an established policy of maintaining in residence any persons who become unable to pay their charges, and the organization provides its services at the lowest feasible cost. Revenue Ruling 79-18 holds that an organization providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the organization's elderly persons and that the organization maintains in residence those tenants who become unable to pay their monthly charges.

The IRS has audit guidelines which implement a policy to scrutinize more closely the activities of health care providers to ensure that they satisfy the requirements for tax-exempt status. Given these audit guidelines and other related pronouncements by the IRS, it may be more difficult for health care providers to maintain their tax-exempt status. Health care providers, such as the Corporation, may be forced to forgo otherwise favorable opportunities for certain joint ventures, recruitment and other arrangements to maintain its status as a Tax-Exempt Organizations or to avoid other sanctions.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of 501(c)(3) organizations. Thus, there can be no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Corporation or future Members of the Obligated Group by requiring them to pay income or real estate taxes.

IRS Form 990 for Tax-Exempt Organization. The IRS Form 990 is used by most 501(c)(3) not-for-profit organizations exempt from federal income taxation to submit information required by the federal government. Form 990 now requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities, and other areas the IRS deems to be compliance risk areas. The revised form also requires the disclosure of a significantly greater amount of information on community benefit and establishes uniform standards for reporting of information relating to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. The redesigned Form 990 is intended to result in enhanced transparency as to the operations of exempt organizations. It is also likely to result in enhanced enforcement, as the redesigned Form 990 will make detailed information on compliance risk areas available to the IRS and other stakeholders.

Internal Revenue Service Examination Program. In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit organizations, it could do so in the future. Loss of tax-exempt status by the Corporation or improper use of property financed with proceeds of the Series 2018A Bonds could potentially result in loss of the tax exemption of the interest on the Series 2018A Bonds, and defaults in covenants regarding the Series 2018A Bonds could be triggered. Loss of such tax-exempt status could also result in substantial tax liabilities on income of the Corporation. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine a purchaser, a Bondholder, the Corporation or the Series 2018A Bonds. If the Series 2018A Bonds are examined, it may have an adverse impact on their price and marketability. Based upon covenants, representations and warranties of the Authority and the Corporation as to the use of the proceeds of the Series 2018A Bonds and as to certain factual matters, Bond Counsel will deliver its opinion in the form attached as **APPENDIX F**. See the captions "**TAX EXEMPTION**" and "**LEGAL MATTERS**."

Tax-Exempt Status of the Series 2018A Bonds. The tax-exempt status of the Series 2018A Bonds is based on the continued compliance by the Authority and the Corporation with certain covenants relating generally to restrictions on the use of the facilities financed or refinanced with the proceeds of the Series 2018A Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Series 2018A Bonds could cause interest on the Series 2018A Bonds to become subject to federal income taxation retroactive to the original date of issue of the Series 2018A Bonds. In such event, the Series 2018A Bonds are not subject to redemption solely as a consequence thereof, and the principal thereof is not required to be accelerated by the Bond Trustee. No additional interest or penalty is payable in the event of the taxability of interest on the Series 2018A Bonds.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of 501(c)(3) organizations. Thus, there can be no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Corporation or any other future Obligated Group Members by requiring them to pay income or real estate taxes.

Possible Future Federal Tax Legislation. There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2018A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Federal Congressional Hearings. The Senate Finance Committee has conducted hearings on reforms to the nonprofit sector and released staff discussion drafts on proposals for reform in the area of tax-exempt organizations, including a proposal for a five-year review of tax-exempt status by the IRS. The House Committee on Ways and Means has held several hearings to examine the tax-exempt sector, hospital tax exemptions and the use of tax-preferred bond financings. It is uncertain if any of these Committees will pursue further investigations or will recommend legislative changes as a result of these inquiries.

In February 2009, Senator Kohl, of the Senate's Special Committee on Aging, requested that the U.S. Government Accountability Office *("**GAO**")* study the finances, operations and governance of Continuing Care Retirement Communities *("**CCRCs**")*. The GAO has not yet delivered its report and it is uncertain whether the report will lead the Special Committee on Aging to pursue further investigation into CCRCs or legislative changes that could affect CCRCs.

IRS Examination of Compensation Practices

In August 2004, the IRS announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders. The IRS announced that it would contact nearly 2,000 charities and foundations to seek more information about their compensation practices and procedures. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") based on its examination of such tax-exempt organizations. The IRS Final Report indicates that the IRS (i) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (ii) in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations.

Changing Capabilities of Home Health Care Technology; Impact on Demand for Facility

New and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health and smartphone technology will likely change the way in which providers of health services to the elderly deliver home health, hospice and other community-based services. These developments will further the ability of the home health and hospice industry to care for patients in their homes. Proliferation and availability of technological changes are expected to increase the ability of the elderly to remain in their homes longer into their lives than has historically been feasible, which could result in reduced demand for facilities such as the Obligated Group's. Efforts to reduce costs in the overall care continuum will further the use of these new and changing technologies. The Obligated Group may encounter increased competition in the future that could negatively impact patient referrals to it, limit its ability to maintain or increase its market position or otherwise adversely affect the Obligated Group's profitability.

Nursing Shortage

The health care industry has experienced a shortage of nursing staff, which has resulted in increased costs for health care providers due to the need to hire agency personnel at higher rates. If the nursing shortage continues, it could adversely affect the Corporation's operations or financial condition.

Organized Resident Activity

The Obligated Group may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain or reduce the level of monthly service fees or other charges. Moreover, the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down monthly service fees and other charges. No assurance can be given that the Obligated Group will be able satisfactorily to meet the needs of any or all such resident groups.

Cybersecurity

Cybersecurity refers to the combination of technologies, processes and procedures established to protect information technology systems and data from unauthorized access, attack, or damage. The Corporation relies on its information systems to provide security for processing, transmission and storage of confidential resident and other information, including information relating to health protected by HIPAA. Although the Corporation has taken steps to protect the security of its information systems and the data maintained in those systems, it is possible that these security measures will not prevent improper access or disclosure of personally identifiable information, as in the event of cyber–attacks. Security breaches, including electronic break–ins, computer viruses, attacks by hackers and similar breaches can create system disruptions or shutdowns or the unauthorized disclosure of confidential information. If personal or otherwise protected information of residents or others is improperly accessed, tampered with or distributed, the Corporation may incur significant costs to remediate possible injury to the affected residents or other persons, and the Corporation may be subject to sanctions and civil penalties if it is found to be in violation of the privacy or security rules under HIPAA or other similar federal or state laws protecting confidential patient health information. Any failure to maintain proper functionality and security of information systems could interrupt the Corporation's operations, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Nursing Home Star Ratings

In 2008, CMS implemented an online reporting system that allows consumers to compare ratings information of Medicare and Medicaid participating nursing homes. The ratings are a composite metric consisting of one to five stars (five being the best) and intended to convey the overall performance of over 15,000 nursing homes in the U.S. Ratings are posted to CMS's website, Nursing Home Compare. Each nursing home is rated on three components: health inspection results, quality measures, and staffing levels, and also as to overall quality. CMS maintains its star ratings will provide consumers an important tool for comparing nursing homes both locally and nationwide. The nursing home located within Westminster

Village has been assigned an overall quality rating of four (4) stars. Management of the Corporation is unable to determine what impact, if any, such rating may have on the demand for services of Westminster Village or the financial condition of the Corporation.

Other Legislation

Section 7872 of the Code (Treatment of Loans with Below-Market Interest Rates) provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below-market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below-market rate loan is the avoidance of federal income taxation.

A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below-market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a "safe harbor" exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether certain Continuing Care Contracts come within the scope of the continuing care facility safe harbor or within the statute itself. It will have to be determined whether the Continuing Care Contracts involve a "loan" for purposes of Section 7872. Any determination of applicability of Section 7872 could have an adverse effect on the willingness of residents to enter into the Continuing Care Contracts.

Taxpayer Relief Act of 1997 and Unrelated Business Taxation

The Taxpayer Relief Act of 1997 that includes the following provision which could have an impact on the Corporation. This tax law tightens the ownership rules for determining whether certain types of income received from subsidiaries are subject to the unrelated business income tax (***"UBIT"***). Under prior law, tax-exempt organizations were required to pay tax on rents, royalties, annuities, and interest income only if such income was received from a taxable or tax-exempt subsidiary that was at least 80 percent controlled by the tax-exempt organization. Nevertheless, UBIT did not apply if the income came from a "second-tier" subsidiary (i.e., a subsidiary owned by a subsidiary).

Under this tax law, such income is subject to UBIT if the parent organization owns more than 50 percent of the subsidiary, based on voting power or value. In addition, a parent exempt organization will be deemed to control any subsidiary which it controls either directly or indirectly (e.g., as a second-tier subsidiary). The new 50 percent control test is effective for taxable years beginning after December 31, 1998. This provision may force some multi-member health care systems to choose between maintaining control and incurring UBIT liability where business considerations dictate the use of intra-system loans, leases, and licensing arrangements.

Changes in tax laws regarding not for profit organizations could adversely affect certain of the Corporation's revenues. Recently Congress and the Internal Revenue Service have focused more closely on issues of tax-exemption, such as the scope of activities constituting unrelated business income. Management of the Corporation believes the effect on the Corporation is likely to be de minimis because the management believes its activities that may give rise to such income are insignificant.

Amendments, Changes and Modifications to the Principal Financing Documents

Certain amendments to the Bond Indenture and the Loan Agreement may be made with the consent of the holders of a majority of the outstanding principal amount of the Series 2018A Bonds and certain amendments to the Master Indenture and the Mortgage may be made with the consent of the holders of a majority of the outstanding principal amount of the Obligations. Such amendments may adversely affect the security of the Bondholders and, with respect to the Master Indenture, such percentage may be composed wholly or partially of the holders of Additional Obligations.

See "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Supplemental Master Indentures and Amendments of the Mortgage Requiring Consent of Obligation Holders**" in **APPENDIX D** and "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT – SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – Supplemental Bond Indentures**," and "**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT – Supplements and Amendments to the Loan Agreement**," in **APPENDIX E**.

Interest Rate Swap and Other Hedge Risk

The Series 2017 Bonds were issued as a direct purchase with two banks. The Corporation entered into an interest rate swap agreement with respect to the Series 2017 Bonds and anticipates entering into similar agreements with respect to the Series 2018B Bonds and the Series 2018C Bonds. The Corporation's obligations under interest rate swap agreements with respect to the Series 2018B Bonds and the Series 2018C Bonds will likely be secured by one or more Obligations issued under the Master Indenture (collectively, the ***"Swap Obligations"***). Neither the Loan Agreement nor the Master Trust Indenture limits the ability of a Member of the Obligated Group to enter into such agreements in the future so long as the Obligated Group is in compliance with the financial covenants contained therein.

Any interest rate swap or other hedge agreement to which either Member of the Obligated Group is a party may, at any time, have a negative value to the Obligated Group. If either a swap or other hedge counterparty or a Member of the Obligated Group terminates such an agreement when the agreement has a negative value to the Obligated Group, the Obligated Group would be obligated to make a termination payment to the counterparty in the amount of such negative value, and such payment could be substantial and potentially materially adverse to the financial condition of the Obligated Group. A counterparty generally may only terminate such an agreement upon the occurrence of defined termination events such as nonpayment by the Obligated Group, a bankruptcy type event, cross-default to specified indebtedness or other swaps, other breaches of covenants in such agreements or the downgrade or withdrawal of the ratings assigned to the Obligated Group's indebtedness.

Many swap agreements require each party to provide additional security for its obligations in certain circumstances including without limitation a downgrade of the rating assigned to the long-term indebtedness issued on its behalf and the occurrence of certain other events. The Master Indenture permits the Obligated Group to grant a security interest and lien on collateral for this purpose.

Secondary Market

If and when an owner of a Series 2018A Bond elects to sell a Series 2018A Bond prior to its maturity, there is no assurance that a market will be in existence for the purchase and sale of the Series 2018A Bonds. Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2018A Bonds. There is presently no secondary market for the Series 2018A Bonds, and there is no assurance that a secondary market will develop.

No Rating

The Series 2018A Bonds are unrated. When any Bondholder attempts to sell his or her Series 2018A Bonds, this absence of a rating could adversely affect the market price and marketability thereof.

Other Considerations

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Corporation or any future Member of the Obligated Group:

(1) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;

(2) The Corporation has not experienced any employee strikes or other adverse labor actions and recently entered into a new three-year contract with a union representing certain of its employees, but employee strikes and other adverse labor actions in the future could result in a substantial increase in expenditures without a corresponding increase in revenues;

(3) Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation or any future member of the Obligated Group;

(4) The cost and availability of energy;

(5) Increased unemployment or other adverse economic conditions in the service area of the Corporation and any future Member of the Obligated Group which would increase the proportion of patients who are unable to pay fully for the cost of their care;

(6) Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of Westminster Village in order to maintain the charitable status of the Corporation or any future Member of the Obligated Group;

(7) Inflation or other adverse economic conditions;

(8) Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;

(9) Inability to control the diminution of patients' assets or insurance coverage with the result that the patients' charges are reimbursed from government reimbursement programs rather than private payments or funded from assets of the Corporation or any future Member of the Obligated Group;

(10) The occurrence of natural disasters, including floods and earthquakes, which may damage the facilities of the Obligated Group, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities;

(11) Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Corporation generally carry;

(12) Loss of property tax exemption; or

(13) Changes in key management personnel.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Series 2018A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds will be considered a single bond issue for Federal income tax purposes. The Authority and the Corporation have covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2018A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2018A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2018A Bonds.

Subject to compliance by the Authority and the Corporation with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2018A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Series 2018A Bonds is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the Corporation with respect to certain material facts within the Authority's and the Corporation's knowledge and will rely on an opinion of Miller, Hall & Triggs, LLC, counsel to the Corporation, that the Corporation is a 501(c)(3) organization and certain other matters. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("***AMT***") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("***AMTI***"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax exempt interest, including interest on the Series 2018A Bonds. The AMT for corporations is repealed for taxable years beginning after December 31, 2017.

Ownership of the Series 2018A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2018A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the ***"OID Issue Price"***) for each maturity of the Series 2018A Bonds is the price at which a substantial amount of such maturity of the Series 2018A Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Series 2018A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Series 2018A Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity of the Series 2018A Bonds (the "***OID Bonds***") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority and the Corporation comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based on the stated position of the Illinois Department of Revenue, under Illinois income tax law, accreted original issue discount on the Series 2018A Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Series 2018A Bonds who dispose of Series 2018A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2018A Bonds in the public offering, but at a price different from the OID Issue Price or purchase Series 2018A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2018A Bond is purchased at any time for a price that is less than the Series 2018A Bond's stated redemption price at maturity, or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "***Revised Issue Price***"), the purchaser will be treated as having purchased a Series 2018A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2018A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2018A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2018A Bonds.

An investor may purchase a Series 2018A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2018A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2018A Bond. Investors who purchase a Series 2018A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2018A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2018A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2018A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Series 2018A Bonds. If an audit is commenced, under current procedures the IRS may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2018A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2018A Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Series 2018A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2018A Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting

and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Series 2018A Bonds is not exempt from present Illinois income taxes. Ownership of the Series 2018A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2018A Bonds. Prospective purchasers of the Series 2018A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LITIGATION

The Authority

There is not now pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Series 2018A Bonds or questioning or affecting the validity of the Series 2018A Bonds or the proceedings or authority under which the Series 2018A Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officials of the Authority to their respective offices is being contested. There is no litigation against the Authority pending (as to which the Authority has received service of process) or, to the Authority's actual knowledge, threatened, which in any manner questions the right of the Authority to enter into the Bond Indenture, the Bond Purchase Agreement or the Loan Agreement or to secure the Series 2018A Bonds in the manner provided in the Bond Indenture, the Resolution and the Act.

The Corporation

The Corporation has advised that no litigation, proceedings or investigations are pending or, to its knowledge, threatened against it except (i) litigation, proceedings or investigations in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management, will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total reserves held under the applicable self-insurance program, or (ii) litigation, proceedings or investigations which if adversely determined will not, in the opinion of management, have a material adverse effect on the operations or condition, financial or otherwise, of the Corporation. The Corporation also has advised that there is no litigation pending or, to the knowledge of the Corporation, threatened, which in any manner questions the right of the Corporation to enter into the financing described herein.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2018A Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel ("***Bond Counsel***"), who has been retained by the Corporation. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2018A Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Corporation, reviewed only those sections of this Official Statement involving the description of the Series 2018A Bonds, the security for the Series 2018A Bonds and the description of the federal tax exemption of interest on the Series 2018A Bonds. This review was undertaken solely at the request and for the benefit of the Corporation and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters with respect to the Series 2018A Bonds will be passed upon for the Authority by its special counsel, Nixon Peabody LLP, Chicago, Illinois, for the Corporation by its special counsel, Miller, Hall & Triggs, LLC, Chicago, Illinois, and for the Underwriter by its counsel, Thompson Coburn LLP, St. Louis, Missouri.

FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for years ended June 30, 2018 and 2017 appearing in **APPENDIX B** to this Official Statement have been audited by Mueller Prost L.C., independent auditors, as set forth in their report appearing herein. The financial statements included in **APPENDIX B** are consolidated financial statements with respect to the Corporation and certain affiliated entities that are not Members of the Obligated Group. The financial statements do not include supplementary consolidating information allocating the financial information between the Corporation and these entities. The summary consolidating financial information as of and for the years ended June 30, 2018, 2017 and 2016 and the three-month periods ended September 30, 2018 and September 30, 2017 appearing in **APPENDIX A** to this Official Statement are derived from the unaudited financial statements of the Corporation.

MANAGEMENT'S FINANCIAL FORECAST

Management's Financial Forecast for the six fiscal years ending June 30, 2024 (***"Management's Financial Forecast"***) are included as **APPENDIX C** to this Official Statement. There will usually be differences between the forecast and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. **MANAGEMENT'S FINANCIAL FORECAST SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN.** See **APPENDIX C**.

The following table reflects the projected funds available for debt service and other financial ratios for the six fiscal years ending June 30, 2024, and has been extracted from Management's Financial Forecast included in **APPENDIX C** hereto. For purposes of calculating debt service requirements in the table below, management has assumed the following structure and terms of the Series 2018A Bonds:

For purposes of Management's Financial Forecast, management has assumed that the Series 2018A Bonds consist of $39,670,000 of tax-exempt fixed rate bonds to be issued at par with an assumed fixed interest rate of 5.35%, substantially level annual payments with interest payable on each May 1 and November 1 beginning May 1, 2019 and principal payable on each May 1 beginning May 1, 2020. For purposes of Management's Financial Forecast, management has assumed that the Series 2018B Bonds and the Series 2018C Bonds will, collectively, consist of approximately $29,000,000 of tax-exempt variable rate bonds to be issued at par with a 30-month interest-only construction period and level annual debt service, with an integrated swap agreement for an all-in interest rate of 3.75%.

WESTMINSTER VILLAGE, INC.
FORECASTED FINANCIAL RATIOS
YEAR ENDING JUNE 30, 2019 THROUGH 2024

	2019	2020	2021	2022	2023	2024
DEBT SERVICE COVERAGE RATIO					Stabilization	
Change in Unrestricted Net Deficiency	($1,814,312)	($1,444,591)	($925,178)	$986,152	$1,512,456	$1,664,390
Add:						
Entry Fee receipts, net of refunds	$996,600	$1,046,430	$1,098,752	$1,153,689	$1,211,374	$1,271,942
Interest Expense	$1,456,125	$2,132,064	$2,620,689	$3,175,709	$3,125,770	$3,073,543
Depreciation & Amortization	$2,786,840	$3,151,295	$3,238,252	$3,326,078	$3,415,660	$3,507,035
Loss on Extinguishment of Bonds Payable	$520,756					
Deduct:						
Unrealized loss (gain) on SWAP agreements	($249,771)					
Entry fee amortization	($528,382)	($580,758)	($677,994)	($774,281)	($1,020,631)	($1,098,627)
Unrealized Investment gain (loss)	$44,017					
Funds Available for Debt Service	$3,167,856	$4,304,439	$5,354,520	$7,867,346	$8,244,629	$8,418,282
Annual Debt Service						
Series 2013 Bonds	$249,005					
Series 2018A Bonds	$1,285,581	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Series 2018B Bonds				$1,706,974	$1,706,205	$1,705,530
Total Maximum Annual Debt Service	$1,534,587	$2,571,163	$2,571,163	$4,278,136	$4,277,368	$4,276,693
Debt Service Coverage Ratio	**2.06**	**1.67**	**2.08**	**1.84**	**1.93**	**1.97**

DAYS CASH-ON-HAND	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Cash and Investments	$13,456,937	$12,862,065	$13,755,653	$16,799,668	$18,229,857	$19,786,416
Cash Operating Expenses *	$15,410,600	$17,585,696	$19,734,778	$21,306,356	$21,917,284	$22,507,680
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Days Cash-on-Hand	**319**	**267**	**254**	**288**	**304**	**321**

** Excludes Depreciation & Amortization*

CASH TO DEBT RATIO	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Assets Limited as to Use (DSRF)	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Total	$16,028,100	$15,433,228	$16,326,816	$19,370,831	$20,801,020	$22,357,579
Total Debt	$42,449,955	$62,574,437	$67,960,000	$66,860,000	$65,712,000	$64,510,000
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Cash to Debt Ratio	**0.38**	**0.25**	**0.24**	**0.29**	**0.32**	**0.35**

The above table should be considered in conjunction with the entire Management's Financial Forecast to understand management's assumptions upon which Management's Financial Forecast are based. There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. **MANAGEMENT'S FINANCIAL FORECAST SHOULD BE READ IN ITS ENTIRETY, INCLUDING MANAGEMENT'S NOTES AND ASSUMPTIONS SET FORTH THEREIN.**

No party has assumed any responsibility to update the information contained in Management's Financial Forecast after the delivery of the Series 2018A Bonds.

FINANCIAL INFORMATION AND CONTINUING DISCLOSURE

Financial Reporting

Pursuant to the Master Indenture, the Corporation, as the Obligated Group Representative has agreed to furnish, or cause to be furnished, the following to the Required Information Recipients:

Quarterly Reports. Within 45 days of the end of the first three Fiscal Quarters of each Fiscal Year, and within 60 days of the end of the fourth Fiscal Quarter (which may be subject to final year-end adjustments), commencing with the Fiscal Quarter ending December 31, 2018:

(i) quarterly unaudited financial statements including the Obligated Group which, if applicable, shall include a combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial Entrance Fees, and, which, in each case, shall include a combining or consolidating statement of financial position, statement of activities and statement of cash flows for such such Fiscal Quarter and comparisons (on a fiscal year to date basis) to the annual operating budget of the Obligated Group.

(ii) an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve-month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds, and (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative.

(iii) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 or the Days Cash on Hand is less than the Liquidity Requirement for any Testing Date, the Obligated Group will deliver the financial information described in paragraph (i) above together with the calculations described in paragraph (ii) above, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a rolling twelve-month basis each month and the Days Cash on Hand as of the end of each month, within 45 days of the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.20:1 and the Days Cash on Hand is at least equal to the Liquidity Requirement.

Annual Financial Statements. Within 150 days of the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, an annual audited financial report including the Obligated Group prepared by a firm of certified public accountants, including a statement of financial position, statement of activities, statement of functional expenses and statement of cash flows with, if applicable, an unaudited combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Year and showing for each Fiscal Year commencing June 30, 2019, in comparative form, the financial figures for the preceding Fiscal Year.

Annual Compliance Certificate. On or before the date of delivery of the annual financial reports referred to under "***Annual Financial Statements***," commencing with the Fiscal Year ended June 30, 2019, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, and (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any.

Operating and Capital Budgets. Within 45 days after the end of each Fiscal Year, a summary of the operating and capital budgets for the Fiscal Year then started.

Information Promptly Upon Receipt. Copies of (i) any board approved revisions to the annual budget of the Obligated Group, or (ii) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as a Tax-Exempt Organization or with respect to the tax-exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

Continuing Disclosure

The Corporation, as Obligated Group Representative, and the Bond Trustee, as dissemination agent, will enter into a Continuing Disclosure Agreement dated as of December 1, 2018 (the "***Continuing Disclosure Agreement***") for the benefit of the holders and Beneficial Owners of the Series 2018A Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "***Rule***"). The Members of the Obligated Group are the only "obligated persons" with responsibility for continuing disclosure, and the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under the Continuing Disclosure Agreement, and has no liability to any person, including any owner or Beneficial Owner of the Series 2018A Bonds, with respect to the Rule.

Annual Reports. Pursuant to the Continuing Disclosure Agreement, the Corporation shall, or, upon delivery to the Dissemination Agent (initially the Bond Trustee), the Dissemination Agent shall, not later than 150 days after the end of the Obligated Group's fiscal year, commencing with the fiscal year ending June 30, 2019, provide to the Municipal Securities Rulemaking Board ("***MSRB***"), through its Electronic Municipal Market Access system ("***EMMA***"), the following financial information and operating data (the "***Annual Report***"):

(1) Audited financial statements of each Member of the Obligated Group, or audited consolidated or combined financial statements, including the Members of the Obligated Group, including a statement of financial position, statement of activities, statement of functional expenses and statement of cash flows, with supplemental consolidating information if such consolidated financial statements contain information for entities that are not Members of the Obligated Group, for the prior fiscal year, prepared in accordance with generally accepted accounting principles and showing, in comparative form, the financial figures for the preceding fiscal year. If audited financial statements for or including the Members of the Obligated Group are not available by the deadline for filing the Annual Report, the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement related to the Series 2018A Bonds, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available;

(2) A management's discussion and analysis of results; and

(3) The Corporation's current CMS star rating, if available.

Quarterly Reports. Pursuant to the Continuing Disclosure Agreement, the Corporation shall, or, upon delivery to the Dissemination Agent, the Dissemination Agent shall not later than 45 days following the end of each of the first three fiscal quarters of each fiscal year and not later than 60 days following the end of the fourth fiscal quarter for the Corporation, commencing with the fiscal quarter ending December 31, 2018, provide to the MSRB, through EMMA the following information and operating data for the preceding fiscal quarter (each, a "***Quarterly Report***"):

(1) The unaudited statements of the Corporation for the preceding fiscal quarter, consisting of unaudited balance sheets as of the end of such quarter and related statements of operations and changes in net assets for such quarter (and year to date and including a comparison to budgeted revenues and expenses);

(2) Until completion, a summary statement as to the status of construction of any project funded by more than $5 million of debt issued on a parity with the Series 2018A Bonds; and

(3) updates as of the end of the preceding fiscal quarter of the financial information and operating data in substantially the same format contained in the following tables in **Appendix A** to this Official Statement:

(A) Historical Utilization;
(B) Historical Skilled Nursing Patient Days by Payor Type;
(C) Historical Debt Service Coverage;
(D) Historical Liquidity Ratios; and
(E) Historical Days Cash on Hand.

Event Notices. Pursuant to the Continuing Disclosure Agreement, no later than 10 Business Days after the occurrence of any of the following events, the Corporation shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Series 2018A Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2018A Bonds, or other material events affecting the tax status of the Series 2018A Bonds;
(7) modifications to rights of bondholders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Series 2018A Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the Obligated Group or any Member of the Obligated Group (which shall be deemed to occur as provided in the Rule);
(13) the consummation of a merger, consolidation, or acquisition involving any Member of the Obligated Group or the sale of all or substantially all of the assets of any Member of the Obligated Group, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
(15) upon the issuance of any debt on a parity with the Series 2018A Bonds, a chart similar to that in **"DEBT SERVICE REQUIREMENTS"** in this Official Statement with respect to all parity debt then outstanding; provided that if an official statement for such debt is posted on EMMA in connection with the issuance of such debt, such posting shall be deemed to satisfy this requirement even if not attached to the CUSIP numbers for the Series 2018A Bonds in EMMA; and
(16) upon the incurrence of indebtedness or the amendment of documentation relating to indebtedness of any Member of the Obligated Group in the principal amount of $5 million or more containing any covenants that are in addition to or more restrictive than those contained in the Master Indenture, a summary of such covenants and such indebtedness.

If the Dissemination Agent does not receive an Annual Report, Quarterly Report or Additional Master Indenture Disclosure with filing instructions or a written notice from the Corporation that it has filed an Annual Report, Quarterly Report or Additional Master Indenture Disclosure with the MSRB as of the applicable deadline, the Dissemination Agent will file a notice with the MSRB describing the Corporation's failure to file such Annual Report, Quarterly Report or Additional Master Indenture Disclosure, as applicable.

Dissemination Agent. The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be the Bond Trustee. The Dissemination Agent may resign at any time by providing at least thirty (30) days' written notice to the Corporation and the Bond Trustee.

Amendments. Notwithstanding any other provision of the Continuing Disclosure Agreement, the Corporation and the Dissemination Agent may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Corporation and the Dissemination Agent with its opinion that the undertaking of the Corporation, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement.

Notwithstanding the preceding paragraph, in conjunction with the public offering of any series of bonds with respect to which a Member of the Obligated Group is an "obligated person," the Obligated Group and the Dissemination Agent may

amend the categories of operating data to be updated on a quarterly or annual basis as described above to conform to the operating data included in the final official statement for such series of bonds, in conformance with the requirements and interpretations of the Rule as of the date of such final official statement, without further amendment to the Continuing Disclosure Agreement. Thereafter, the quarterly or annual operating data to be provided by the Corporation to the MSRB with respect to the Series 2018A Bonds (and all other series of bonds then subject to the Continuing Disclosure Agreement) shall be deemed to be amended to reflect the requirements of the revised operating data disclosure for the new series of bonds.

Remedies. If the Corporation or the Dissemination Agent fails to comply with any provision of the Continuing Disclosure Agreement, the Bond Trustee may (and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, will), or any owner or Beneficial Owner of the Series 2018A Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement will not be deemed an event of default under the Bond Indenture or the Loan Agreement, and the sole remedy under the Continuing Disclosure Agreement if the Corporation or the Dissemination Agent fails to comply with the Continuing Disclosure Agreement will be an action to compel performance.

Prior Compliance. In the preceding five years, the Corporation has not been subject to any continuing disclosure undertakings in the five years preceding this Official Statement.

NO RATING

THE SERIES 2018A BONDS ARE NOT RATED; NEITHER THE AUTHORITY NOR THE CORPORATION HAS APPLIED TO ANY RATING SERVICE FOR A RATING ON THE SERIES 2018A BONDS.

UNDERWRITING

The Series 2018A Bonds are being purchased for reoffering by B.C. Ziegler and Company (the "***Underwriter***"). The Underwriter has agreed to purchase the Series 2018A Bonds at an aggregate purchase price of $39,318,266.50 (which takes into account a net original issue premium of $280,096.50 and an underwriter's discount of $631,830.00). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2018A Bonds if any are purchased.

The Underwriter intends to offer the Series 2018A Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2018A Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

The Obligated Group has agreed to indemnify the Underwriter against certain civil liabilities, including certain liabilities under the federal securities laws.

MISCELLANEOUS

The information set out in "**SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE"** in **APPENDIX D** and in **"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT**" in **APPENDIX E** does not purport to be complete and is expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to each document summarized in said **APPENDICES D** and **E**. All documents referred to in this Official Statement may be reviewed during regular business hours at the offices of the Underwriter or the office of the Corporation.

Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact. No representation is made that any of such estimates will be realized.

The delivery of this Official Statement or any sale of the Series 2018A Bonds described herein will not, under any circumstances, create an implication that there has been no change in the business affairs or financial condition of the Obligated Group since the date hereof.

Neither the Authority nor any of its officials, officers or employees, in either their official or personal capacity, has made any warranties, representations or guarantees regarding the financial feasibility of the business operations of the Members of the Obligated Group or operation of Westminster Village. Further, neither the Authority nor any of its officials, officers or employees assume any duties, responsibilities or obligations with respect to the Series 2018A Bonds other than those imposed, either expressly or by fair implication, upon the Authority by the Bond Indenture and the Loan Agreement.

WESTMINSTER VILLAGE, INC.

By: /s/ Barbara J. Nathan
Chief Executive Officer

APPENDIX A

INFORMATION CONCERNING WESTMINSTER VILLAGE, INC.

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TABLE OF CONTENTS

Page

HISTORY AND BACKGROUND A-1
- General A-1
- Mission, Vision and Values A-1

CORPORATE STRUCTURE A-2
- The Corporation A-2
- The Foundation A-2
- WV Corner Holdings, LLC A-2

GOVERNANCE AND ADMINISTRATION A-2
- Board of Directors A-2
- Board Committees A-3
- Conflict of Interest Policy A-4
- Administration A-4

FACILITIES A-5
- Westminster Village A-5
- Repositioning of Campus A-5

OPERATIONS A-8
- Major Services A-8
- Residency and Care Agreements A-8
- Unit Mix and Resident Fees A-10
- Service Area and Competition A-14
- Licensing and Membership A-16
- Employees A-17
- Insurance A-17

RESULTS OF OPERATIONS A-17
- Historical Utilization A-17
- Historical Skilled Nursing Patient Days by Payor Type A-17
- Financial Statements A-17
- Budgeting Process A-18
- Historical Summary Statements of Position A-18
- Historical Summary Statements of Statements of Activities A-20
- Historical Debt Service Coverage A-21
- Historical Turnover Entrance Fees A-23
- Historical Liquidity Ratios A-23
- Historical Days Cash on Hand A-24
- Outstanding Long-Term Debt A-24
- Management's Discussion and Analysis of Results of Operations A-24
- Litigation A-27

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INFORMATION CONCERNING

WESTMINSTER VILLAGE, INC.

HISTORY AND BACKGROUND

General

Westminster Village, Inc. (the ***"Corporation"***) is an Illinois not for profit corporation, incorporated in 1979, and is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the ***"Code"***), exempt from federal income taxation under Section 501(a) of the Code. The Corporation operates a life plan community known as Westminster Village (***"Westminster Village"***) located on an over 40-acre campus at 2025 E. Lincoln Street in Bloomington, McLean County, Illinois. Bloomington, Illinois, is a city in central Illinois and the home of Illinois State University, Illinois Wesleyan University and State Farm Insurance. It is located approximately 140 miles southwest of Chicago, Illinois and approximately 160 miles north-northeast of St. Louis, Missouri. A life plan community is an organization that offers a full range of housing, residential services and health care options in order to serve older residents as their health care needs change over time.

As of October 1, 2018, Westminster Village consisted of 177 independent living apartments, 21 independent living duplex units (one other duplex unit is used as a community clubhouse), 52 assisted living apartments and 78 licensed skilled nursing beds (39 of which are Medicare certified).

Westminster Village is an entrance fee life plan community designed for older adults, making available to them housing, residential services, an integrated wellness program, and long-term care.

Mission, Vision and Values

Westminster Village began operation of its independent living apartments in 1979, with the skilled nursing facility opening a year later. Westminster Village was built with the idea that retirement is meant to be enjoyed; not weighed down with the stresses of everyday life. The Corporation has as its vision, mission and values:

Vision

"We assume the responsibility of meeting the current and future needs of our Residents in such a way that fosters the quality of their life and the value of their person."

Mission

"Celebrating life, our mission is to provide excellence in senior living through a continuum of care and services."

Values

"Our business is to improve the quality of life of our Residents. All of our actions must be measured by our success in achieving this goal. We value, above all, our ability to provide quality services to each of our Residents. We treat each other as we expect to be treated.

"People are the key to our success. Equal opportunity will be provided to everyone in an environment that fosters communication and involvement.

"We are committed to the highest standards of ethics and integrity. In fulfilling our responsibilities, our actions will reflect the high standards we profess.

"Trust. We (Residents, Employees and Board Members) trust, respect and support each other."

CORPORATE STRUCTURE

The Corporation

The Corporation is the sole operating corporation responsible for the operations of Westminster Village. The Corporation has no members and no capital stock.

The Foundation

The Westminster Village Foundation (the ***"Foundation"***) is an Illinois not for profit corporation and is a tax-exempt charitable organization under Section 501(c)(3) of the Code, exempt from federal income taxation under Section 501(a) of the Code. The Foundation was established in 1983 to encourage philanthropic support of the residents and to enrich the lives of the residents of Westminster Village. Contributions support religious, social, artistic, recreational, educational and health care activities, as well as strive to enhance and/or improve the facilities and services of Westminster Village. All charitable donations for or on behalf of the Corporation are made directly to the Foundation.

The members of the Board of Directors of the Corporation are the members of the Foundation, and as such approve the members of the Board of the Foundation. The Foundation has a separate 15-member Board that meets four times per year. One member of the Foundation's Board must be selected from the Board of Directors of Westminster Village, The Foundation's Board is divided into three classes with each member of the Foundation Board serving a three-year term.

The Foundation has made donations to the Corporation in the last three fiscal years as follows:

Fiscal Year Ended June 30	Amount
2016	$102,714
2017	318,986
2018	141,826

The Foundation is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds.

WV Corner Holdings, LLC

In April 2016, the Corporation established WV Corner Holdings, LLC (***"WVCH"***) to serve as a holding company for property located in Bloomington other than the Westminster Village campus. The purpose of WVCH is to (a) acquire real property and associated personal property that is in the general vicinity of the Westminster Village campus, (b) own, hold, develop, construct improvements on, manage, operate, lease, encumber, finance, refinance, maintain, dispose, transfer or otherwise deal with that property as an investment and for the production of income and profit, (c) engage in other lawful activities that are related or necessary or useful to the furtherance of the foregoing, and (d) do all things incidental thereto. Thus far, WVCH has acquired two apartment buildings with a total of 39 rental units and an office building, all adjacent to the Westminster Village campus.

WVCH is not obligated, directly or indirectly, to make any payments with respect to the principal of or interest on the Series 2018A Bonds.

GOVERNANCE AND ADMINISTRATION

Board of Directors

The Corporation's powers, property and affairs are vested in the Board of Directors that meets six times per year. The Board consists of not less than eleven nor more than fifteen directors. The Board of Directors is a self-perpetuating Board with directors serving staggered three-year terms. Individual members are limited to four consecutive three-year terms; however these term limits are subject to waiver.

Present officers and members of the Board of Directors of the Corporation, their occupations, years of service on the Board, and the date their term expires are as follows:

Name	Occupation	Year Joined	Term Expires (Dec. 31)
Dave Rutledge, President	Executive Vice President, Community Bank President, Town and Country Bank	2014	2020
Carl Teichman, Vice President	Director of Government & Community Relations, President's Office; Illinois Wesleyan University	2015	2020
John Gordon, Treasurer	Retired; Senior Investment Officer, State Farm Insurance	2012	2021
Jim Broach, Secretary	Retired; Director of Administrative Services, State Farm Insurance	2010	2021
Jay Reece, Past President	Attorney; Mueller, Reece & Hinch LLC	2011	2019
Emily Bell	Retired; Human Resources Manager, City of Bloomington	2015	2021
Janella Cooley	Community Leader/Volunteer	1999	2019
Sarah Curtis	Vice President at National Bank	2017	2020
Roger Hunt	Retired; President, Advocate BroMenn	2012	2019
Susan Hurliman	Retired; District 87 Elementary Teacher	2009	2021
Steve Lehmann	President; Abacus Actuarial Consulting, LLC	2012	2019

Board Committees

The Board of Directors of the Corporation has the following permanent committees, which meet regularly to handle assigned responsibilities:

Executive Committee: Oversees the effective management and general supervision of the administration and property of the Corporation between meetings of the Board of Directors; responsible for overseeing the planning process for the Corporation, including policies affecting the setting and progress of all goals and objectives of the Corporation; reviews the performance of the CEO; responsible for monitoring the establishment and implementation of the strategic plan, periodic review of bylaws, and any other matter referred to the Executive Committee by the Board, the Chairman or the CEO.

Finance Committee: Assists the CEO and Board in developing, monitoring and evaluating budgets, financial reporting, internal controls and investment policy.

Human Resources Committee: Assists the Board in fulfilling its oversight responsibilities related to the employment, compensation and benefit plan philosophy, and HR strategies, policies and programs of the Corporation.

Resident Services Committee: Addresses issues relating to resident needs, concerns, services, communications, satisfaction and safety.

Property Committee: Assists the Corporation's management in monitoring and maintaining the physical plant and providing a safe environment for residents and employees; assists management in the development and approval of projects which improve and enhance the building and grounds, the infrastructure, the physical property, and the environmental sustainability of Westminster Village.

Conflict of Interest Policy

Directors do not receive compensation for their services, but may receive reimbursement for expenses in the course of representing the Corporation. Directors must sign a "Code of Ethics and Conflict of Interest" policy statement prior to accepting a position on the Board, the purpose of which is to avoid real or potential conflicts of interest on the part of Board members, corporate officers and executive staff in conducting the affairs of the Corporation.

Administration

The bylaws of the Corporation provide that the Chief Executive Officer of the Corporation is responsible for the administration of the Corporation. The Chief Executive Officer and other members of the Executive Staff of the Corporation, and selected biographical information, are as follows:

Barbara J. Nathan, FAAMA, age 60, Chief Executive Officer - Ms. Nathan has been the Chief Executive officer of the Corporation since November 2012. Prior to this, she served the Bloomington-Normal community by the direct administration of the Community Cancer Center, a comprehensive free standing cancer center providing service across the continuum of cancer care, and its foundation from 1996-2012. She also served as Vice President of Patient Services and Chief Nursing Officer of BroMenn Health Care from 1988 to 1996. Ms. Nathan has a bachelor's degree in nursing from Illinois Wesleyan University, with additional graduate work performed at Bradley University. She received the FAAMA credential in 2006.

Matt Riehle, LNHA, age 43, Chief Operating Officer - Mr. Riehle joined the Corporation in October 2013 as the administrator of the skilled nursing center. He was promoted to Chief Operating Officer in October 2016. He was employed by the McLean County Nursing Home, a 150-bed Medicare/Medicaid dually certified skilled nursing facility, from 1998 to 2013 in roles progressing from registered nurse to administrator. Mr. Riehle has a bachelor's degree in nursing from Illinois Wesleyan University.

Kate Williams, CPA, age 36, Chief Financial Officer - Ms. Williams joined the Corporation as Chief Financial Officer in June 2015. As the Chief Financial Officer, she is responsible for all facets of the accounting and finance functions, as well as payroll, risk management, IT and property management. Prior to her current role, she served as the controller of a private country club for 4 years and as an audit supervisor with McGladrey for 6 years, primarily focusing on the nonprofit industry. Ms. Williams has a bachelor's degree in accounting from the University of Illinois, where she graduated with high honors. She became a licensed CPA in 2007 and earned the Illinois CPA Society Excel Award for outstanding achievement on the Uniform CPA Examination in Illinois.

Jennifer Hanna, MHRM, SPHR and SHRM – SCP, age 46, Director of Human Resources - Ms. Hanna joined the Corporation in April 2013. She is responsible for all aspects of Human Resources for the Corporation. Prior to joining the Corporation, she worked for the Town of Normal, a municipality of over 50,000 citizens and over 360 employees, as a Human Resources Assistant to the Human Resources Generalist for almost 16 years. Ms. Hanna graduated from Illinois State University with a bachelor's degree in Business with an emphasis in Human Resources Management and Keller Graduate School of Business in 2012 with a Masters of Human Resources Management. Ms. Hanna received her Senior certification in Human Resources from HRCI in 1999 and SHRM in 2015.

Susan E. Post, RN LNHA, age 65, Health Care Administrator - Ms. Post has been the Health Care Administrator for the Corporation's assisted living and skilled nursing facilities since October 2016. Prior to that, she served as the Corporation's Director of Development for three years and Interim Administrator for 1 year. Susan is a graduate of Methodist Medical Center School of Nursing, with additional credits from Illinois Wesleyan University. She has been a registered nurse for 43 years and a licensed nursing home administrator for 11 years.

Cindy Kistner, RN DON-CLTC, age 58, Director of Nursing – Ms. Kistner joined the Corporation as a licensed practical nurse in its skilled nursing center in October 2010. She completed her registered nursing degree in May 2011 at Heartland Community College. She then transitioned to a part-time and then full-time staff nurse at the Corporation's skilled nursing center until being promoted to Director of Nursing in 2014 upon completion of her DON-CLTC certification. Prior to employment by the Corporation, Ms. Kistner worked at Advocate BroMenn from 1979 to 2011 (for a short time, Ms. Kistner was employed at both the Corporation and at Advocate BroMenn) in several capacities, progressing from certified nursing assistant to office assistant (while in nursing school) to licensed practical nurse.

FACILITIES

Westminster Village

Westminster Village is located on an over 40-acre campus at 2025 E. Lincoln Street in Bloomington, McLean County, Illinois. Bloomington, Illinois, is a city in central Illinois and the home of Illinois State University, Illinois Wesleyan University and State Farm Insurance. It is located approximately 140 miles southwest of Chicago, Illinois and approximately 160 miles north-northeast of St. Louis, Missouri.

As of October 1, 2018, Westminster Village consisted of 177 independent living apartments, 21 independent living duplex units (one other duplex unit is used as a community clubhouse) (the duplexes are sometimes referred to as the "Willows Duplexes"), 52 assisted living apartments and a 78-bed licensed skilled nursing facility (sometimes referred to as the Martin Health Center).

Repositioning of Campus

Westminster Village was the only life plan community in the Bloomington, Illinois area until approximately 5 years ago when an existing competitor added the remaining component for a continuum of care. Despite the development of this life plan community and the existence of other senior living options in the area, the wait for a one bedroom independent living unit at Westminster Village is currently more than 6 months and the wait for a two bedroom independent living unit at Westminster Village is currently more than 12 months, with the wait for a larger two bedroom independent living unit being more than 24 months. As a result of its lengthy waiting list (approximately 340 as of November 1, 2018), the Corporation began consideration and planning of its campus repositioning and expansion in 2014 with the adoption of a strategic plan and creation of a master plan. The Corporation is working with Eventus Strategic Partners ("Eventus") on the planning and development of the campus projects. That master plan for expansion was broken into 3 phases as described below.

The Corporation is nearing the completion of the first phase of a campus redevelopment and expansion project. The first phase of improvements, which began in April 2017 and was primarily funded with the proceeds of the Series 2017 Bonds, which were issued as a direct purchase by two banks. The first phase included the construction of an approximately 41,400 square foot, two-story addition to the skilled nursing facility, each floor consisting of 24 private skilled nursing rooms. This addition was completed and opened for occupancy on November 1, 2018 with certain residents of the existing skilled nursing center being moved to the new addition. With the relocation of the skilled nursing residents, the Corporation is beginning the renovation and reconfiguration of the existing approximately 32,600 square foot skilled nursing facility to contain 32 private rooms and 8 semi-private rooms (16 beds). Two of the four wings of the existing skilled nursing facility will be closed at any one time with renovation of each pair of wings expected to take approximately 6 months. The skilled care expansion and renovation is designed to support a neighborhood model of care with neighborhoods of 12-24 residents each, increasing privacy and providing a more home-like atmosphere. In March 2017, the Illinois Health Facilities Planning Board approved an increase in the Corporation's skilled nursing licensure from 78 to 96 beds upon completion of the expansion and renovation.

In addition, the first phase included multiple additions, aggregating approximately 12,800 square foot, to its administration/reception/community center building and renovation or replacement of its library, bistro, dining room, meeting room, clinic, art studio, salon, main kitchen, wellness center, club room and storage space. Site work and land improvements included a new entrance on Mercer Avenue with a new entry, drop-off and parking at the community center, a new entry drive, drop-off and parking at the skilled nursing facility, additional parking for employees and others and stormwater retention and utility work.

Approximately $6,875,000 of costs of the first phase of improvements remain to be paid, primarily relating to the renovation and reconfiguration of the skilled nursing facility. These costs are expected to be paid from funds provided by a draw on the Series 2017 Bonds, which are being refunded by the Series 2018A Bonds.

The second phase of the campus redevelopment and expansion is to be financed with the proceeds of the Series 2018B Bonds and the Series 2018C Bonds which are being issued as a direct purchase by First Midwest Bank in the maximum aggregate principal amount of $29,000,000* simultaneously with the issuance of the Series 2018A Bonds. The second phase of improvements is expected to include the construction of an approximately 80,500 square foot facility, which is currently expected to consist of 60 assisted living units and 12 memory care units, and the conversion of the 52 existing assisted living units (totalling approximately 47,300 square feet of space) into an anticipated 50 independent living apartments. First Midwest Bank anticipates engaging OPPIDANusa, INC. as a construction monitor to review draw requests with respect to the proceeds of the Series 2018B Bonds and the Series 2018C Bonds. OPPIDAN, based in Chicago, Illinois, has been providing inspecting architect and construction

* Preliminary, subject to change.

monitoring services to lending institutions and government agencies since 1978. OPPIDAN will provide construction monitoring reports to the Bond Trustee.

The third phase of expansion included in the master plan is the addition of a "hybrid" community on the Westminster Village campus. Hybrid housing is multifamily housing with 12-20 apartments in each building. These apartments tend to be larger than typical independent living apartments, with common spaces and amenities to attract younger residents. No definitive decision has been made to proceed with this third phase of improvements. The initial market study work has begun but has not been completed and no design work has commenced. It is not possible at this time to determine the number of units or the construction costs related to any such project. The Corporation currently anticipates that, if it proceeds, a hybrid housing project would be done on a pre-sold, entrance fee basis and buildings could be constructed on a phased basis. The percentage of the entrance fee that would be required to be deposited for any presale has not yet been determined. Presales for hybrid homes in other areas of the country have required varying deposit amounts, many in the range of 10% of the entrance fee.

The following table details the presently anticipated changes in unit mix as a result of both the first and second phases. Unit sizes and quantities remain subject to change.

Westminster Village Campus Repositioning

		Phase 1		Phase 2	
Level of Care	**Existing**	**Change**	**Total**	**Change**	**Total**
Independent Living					
Apartments					
Studio	3	-	3	-	3
One Bedroom	84	-	84	16	100
One Bedroom Expanded	-	-	-	2	2
Two Bedroom	52	-	52	30	82
Two Bedroom Expanded	14	-	14	2	16
Two Bedroom Corner Expanded	14	-	14	-	14
Two Bedroom Deluxe I	6	-	6	-	6
Two Bedroom Deluxe II	4	-	4	-	4
Duplexes					
Small Unit	1	-	1	-	1
Small Unit with Sunroom	1	-	1	-	1
Medium Unit	1	-	1	-	1
Medium Unit with Sunroom	10	-	10	-	10
Large Unit	4	-	4	-	4
Large Unit with Sunroom	4	-	4	-	4
IL Subtotal	**198**	**-**	**198**	**50**	**248**
Assisted Living					
Existing Assisted Living Units					
Efficiency	3	-	3	(3)	-
Studio	2	-	2	(2)	-
One Bedroom	34	-	34	(34)	-
Two Bedroom	8	-	8	(8)	-
Two Bedroom Expanded	5	-	5	(5)	-
New Assisted Living Units					
Studio	-	-	-	15	15
One Bedroom	-	-	-	40	40
Two Bedroom	-	-	-	5	5
New Memory Support Units					
One Bedroom	-	-	-	11	11
Two Bedroom	-	-	-	1	1
AL & MS Subtotal	**52**	**-**	**52**	**20**	**72**
Skilled Nursing					
Existing Building					
Semi-Private	76	(60)	16	-	16
Private	2	30	32	-	32
New Building					
Semi-Private	-	-	-	-	-
Private	-	48	48	-	48
SN Subtotal	**78**	**18**	**96**	**-**	**96**
Total	**328**	**18**	**346**	**70**	**416**

The currently anticipated timeline for the two phases of development is as follows:

Anticipated Timeline	Phase I	Phase II
Close on Phase I financing	May 2017	
Begin Construction of 48 new SNBs and Village Center Additions and Renovations	May 2017	
Finish Construction of 48 new SNBs	Nov. 2018	
Begin Renovation of existing 78 SNBs to 48 renovated SNBs	Nov. 2018	
Finish Village Center Additions and Renovations	Dec. 2018	
Close on Phase II financing		Dec. 2018
Begin Construction of 60 ALUs and 12 MSUs		Apr. 2019
Finish Renovation of first half of existing 39 SNBs to 24 renovated SNBs	May 2019	
Finish Renovation of second half of existing 39 SNBs to 24 renovated SNBs	Nov. 2019	
Anticipated Stabilization (94% occupancy) of the 48 renovated SNBs	May 2020	
Finish Construction of 60 ALUs and 12 MSUs		Jul. 2020
Begin Conversion of 52 existing ALUs to 50 new ILUs		Aug. 2020
Anticipated Stabilization (94% occupancy) of the 60 ALUs and 12 MSUs		Jan. 2021
Finish Conversion of 52 existing ALUs to 50 new ILUs		Apr. 2021
Anticipated Stabilization (93% occupancy) of the 50 new ILUs		Sep. 2021

OPERATIONS

Major Services

The Corporation offers different programs providing continuing care services for the elderly. The main goal of the current health and wellness services is to keep residents living independently in their apartments. Services of the Corporation currently include:

Independent Living: The Corporation offers 177 independent living apartments housed in 3 apartments buildings, which all connect to the central community center. Each building is three stories and approximately 73,000 square feet. In Building 3, independent living units are only housed on floor 1, as floors 2 and 3 are currently designated for assisted living. In addition, the Corporation offers 21 independent living duplex units situated on the northeast corner of the property in quaint neighborhood style with a community clubhouse. The individual units range in square footage from 1,440 to 1,900, including attached garage space.

Assisted Living Care: The Corporation offers assisted living care services to residents through 52 assisted living apartments located on the second and third floor in an approximately 74,000 square foot building on the Westminster Village campus.

Skilled Nursing Care – Martin Health Center: The Martin Health Center is licensed by the State of Illinois. Prior to the recent renovations and expansions, it was located in an approximately 32,600 square foot attached building on the Westminster Village campus. A new approximately 41,400 square foot addition was completed and opened for occupancy in November 2018 and one half of the original skilled nursing facility has been closed for renovation (the other half will be closed for renovation when the first half is completed). Skilled nursing care is available for all residents of Westminster Village 24 hours a day. The Martin Health Center provides both short-term stays, often post-hospital, for recuperation and rehabilitation, as well as long-term or permanent placement. Of the 78-licensed skilled nursing beds, 39 are Medicare certified. The Corporation admits residents from the general public on a space-available basis. These residents may be admitted under a private pay agreement or with Medicare or a commercial insurance plan paying for their care.

Residency and Care Agreements

General. Independent living residents are covered by a variety of contracts, which have been developed since the original facility opened for operations. The Corporation currently offers two types of life occupancy residency contracts (***"Residency Agreements"***) and rental contracts. The two different independent living residency agreements, currently offered by the Corporation are as follows:

Life Occupancy Fee - Non-Refundable. Residents pay a one-time life occupancy fee along with a monthly service fee. The monthly service fees for the duplex units are significantly lower than those for the independent living apartments because fewer services are provided. The Residency Agreement remains in place until terminated by the resident or upon the resident's death or permanent transfer to skilled nursing. If the Residency Agreement is terminated during the three initial years of residency, a portion of the life occupancy fee is refunded in an amount equal to 1/36 of the life occupancy fee times the number of months remaining in the initial three-year term. Thereafter, no refund is payable. Refunds are processed as soon as administratively feasible after contract termination, without regard to whether the unit has been reoccupied; provided that, if the resident is permanently transferred to skilled nursing, refunds are applied as a monthly credit against skilled nursing care charges rather than being paid as a lump sum.

Life Occupancy Fee – 75% Refundable. Residents pay a one-time life occupancy fee along with a monthly service fee. The monthly service fees for the duplex units are significantly lower than those for the independent living apartments because fewer services are provided. The Residency Agreement remains in place until terminated by the resident or upon the resident's death or permanent transfer to skilled nursing. If the Residency Agreement is terminated, 75% of the life occupancy fee is refunded. Refunds are processed as soon as administratively feasible after contract termination, without regard to whether the unit has been reoccupied; provided that, if the resident is permanently transferred to skilled nursing, refunds are applied as a monthly credit against skilled nursing care charges rather than being paid as a lump sum.

Prior to January 1, 2018, a different form of Residency Agreement was used for the Corporation's duplex units. Under these previous agreements, as amended in 2017, a refund of 80-90% of the life occupancy fee is payable on contract termination. The Corporation's duplex units now utilize residency agreements that are substantially identical to those used for independent living apartments.

As of October 1, 2018, 129 independent living residents had current Residency Agreements with Westminster Village and 99 independent living residents had rental contracts with Westminster Village. The following table indicates the types of Residency Agreements and rental contracts of such independent living residents. Monthly service fees are higher under rental contracts than Residency Agreements.

Type	No. of Agreements	Percentage
Life Occupancy Fee – Non-Refundable	17	9.1%
Life Occupancy Fee – 75% Refundable	70	37.6%
Life Occupancy Fee – Duplex – 80%	7	3.8%
Life Occupancy Fee – Duplex – 90%	7	3.8%
Rental Contract	85	45.7%
Total	186	100.0%

Note: Numbers may not total to 100% due to rounding.

As of October 1, 2018, 6 assisted living residents had current Residency Agreements with Westminster Village and 42 assisted living residents had rental contracts with Westminster Village. The following table indicates the types of Residency Agreements and rental contracts of such assisted living residents. Monthly service fees are higher for a direct admit resident than for one who transferred from independent living, whether under a rental contract or a Residency Agreement.

Type	No. of Agreements	Percentage
Life Occupancy Fee – Non-Refundable	1	2.2%
Life Occupancy Fee – 75% Refundable	5	10.9%
Rental Contract (transfer from indep. living)	14	30.4%
Rental Contract (direct admit)	26	56.5%
Total	46	100.0%

Note: Numbers may not total to 100% due to rounding.

The Residency Agreements generally require residents to pay an entrance fee, if applicable, upon entering the Corporation's facilities and, for all levels of care, a monthly service fee. The amount of the entrance fee and monthly fee depend upon a resident's accommodations and selected services. The Residency Agreements also provide for additional billing directly to residents for ancillary charges such as guest meals, nursing supplies, co-pays and other services, if needed. Pharmacy and physician services are not billed through the Corporation. The Corporation attempts to maintain the monthly service fee at the lowest rate consistent with sound financial practices

and maintenance of quality services, but reserves the right to change the monthly fee and entrance fee from time to time.

If a resident fails to pay his/her account when due, following reasonable opportunity to pay any deficiency and subject to the requirements of state law dealing with the non-payment of fees, the Corporation may terminate the Residency Agreement with 30 days' written notice. In addition, the resident is required to pay all costs of collection, including but not limited to attorney's fees and court costs. Interest at the rate of 1.5% per month or 18% per annum is payable on any balance thirty (30) days or more past due. If any monthly service fee is unpaid and overdue, or if a resident fails to perform any other terms and conditions of the Residency Agreement, then the Corporation may, at its option, apply any refund due to the unpaid rent or for curing any other default by resident prior to payment of the remainder to the resident.

It is the Corporation's policy, however, not to terminate residency under a Residency Agreement for which an entrance fee has been paid because of the financial inability to pay the required monthly service fee if the resident applies for special financial consideration and establishes facts that justify this consideration and the application can be confidentially granted (within the judgment of management) without impairing the ability of the Corporation to operate on a sound financial basis. Inability to pay fees caused by a transfer of assets after securing residency, other than to meet ordinary and customary living expenses, however, will not normally be considered justification for special consideration under the Residency Agreement. Resident and his/her responsible party(s) are required agree to notify the Corporation when a resident's assets fall below $50,000 and again when a resident's assets fall below $25,000. These notifications are intended to allow sufficient time to plan for properly meeting Resident's needs. Residents are required to cooperate with the Corporation in applying for and pursuing alternative sources of revenue. Absent such cooperation, the Corporation may terminate the Residency Agreement on thirty (30) days' written notice.

Independent Living. Residents in independent living apartments are provided with one meal daily, bi-weekly laundry of linens and flatware, bi-weekly housekeeping and utilities (water, electric, trash, television and internet). Residents in independent living duplexes are provided one meal daily, utilities (water, electric, trash, television and internet), exterior and grounds maintenance, maintenance of appliances, plumbing and HVAC. All independent living residents receive an emergency call system with pendant available, priority admission to assisted living and skilled nursing units, mailbox services, monitored smoke detectors, access to all programs and activities, access to all common areas and bus/van transportation. Additional meals are available for an additional charge in the Corporation's dining rooms. Residents pay for all other services.

Assisted Living. Residents in assisted living apartments are provided with three meals daily, bi-weekly laundry of linens and housekeeping, weekly laundry of personal items, complementary van and transportation services, and utilities (water, electric, trash, television and internet). All assisted living residents also receive an emergency call system, priority admission to skilled nursing, mailbox services, monitored smoke detectors, access to all programs and activities, access to all common areas. Level I services include morning and evening checks, meals and meal reminders, general observation, a personalized service plan and occasional supervision of the activities of daily living. Level II services also include up to two of the following services: meal escorts, medication reminders and supervision, assistance with bathing, dressing and grooming and incontinence care. If more than two of such additional services are required, it is considered to be Level III. Residents pay for all other services.

Skilled Nursing. Residents in the skilled nursing facility receive three meals daily, housekeeping services, activity and wellness programing, access to all common areas and priority admission to independent living apartments. Physical, occupational and speech therapy services, podiatry services, laboratory services and cosmetology services are also available onsite at an additional charge. Residents pay for all other services.

Unit Mix and Resident Fees

Independent Living Units. The Corporation offers prospective independent living residents a wide range of apartment and duplex configurations with appropriately priced entrance fees and monthly fees. Rental contract options are also available for independent living apartments described above but bear higher monthly fees. The following table presents a summary of the independent living unit configuration, square footage, entrance fees and monthly service fees as of January 1, 2018.

Westminster Village Independent Living Units

Independent Living Apartments	# Units	Sq. Ft.	Nonrefundable Entrance Fee	75 % Refundable Entrance Fee	Monthly Fee Under Entrance Fee Contract*	Rental Monthly Fee*
Studio	3	439	$ 63,300	$107,600	$2,107	$2,794
One Bedroom	84	523	75,500	128,400	2,201	3,329
Two Bedroom	52	765	110,300	187,500	2,400	3,804
Two Bedroom Expanded	14	860	123,800	210,500	2,487	4,129
Two Bedroom Corner Expanded	14	860	123,800	210,500	2,487	4,129
Two Bedroom Deluxe I	6	1,046	141,600	240,700	2,653	4,310
Two Bedroom Deluxe II	4	1,288	159,500	271,200	2,821	4,556
Total/Wtd Average:	**177**	**681**	**$97,297**	**$165,432**	**$2,332**	**$3,647**

* An additional $900 monthly service fee applies for a second person under all independent living apartment contracts. Monthly fees under remaining Residency Agreements entered into before October 1, 2015 (***"Legacy Contracts"***) are approximately 87% of the monthly fees cited above, in the case of entrance fee Residency Agreements, and 90%, in the case of rental agreements (73-78% in the case of Studio and One-Bedroom rental units).

Note: Phase II of the campus redevelopment is currently expected to result in 18 additional One-Bedroom, 30 additional Two-Bedroom and 2 additional Two-Bedroom Expanded independent living apartments. **See Appendix C** herein for additional information**.**

Independent Living Duplexes	# Units	Sq. Ft.*	Nonrefundable Entrance Fee	75% Refundable Entrance Fee	Monthly Fee**
Small Unit	1	1,089	119,000	229,000	835
Small Unit with Sunroom	1	1,209	132,000	254,000	855
Medium Unit	1	1,376	137,000	264,000	930
Medium Unit with Sunroom	10	1,496	149,000	287,000	950
Large Unit	4	1,429	143,000	274,000	975
Large Unit with Sunroom	4	1,549	155,000	297,000	995
Total/Wtd Average:	**21**	**1,455**	**$146,190**	**$281,000**	**$952**

* Square footage excludes garage space.

Monthly fees shown are with respect to residents under the new form of duplex Residency Agreement. Monthly fees under remaining Residency Agreements entered into before January 1, 2018 (*"Legacy Contracts"***) are $504 if the Residency Agreement provided for a refund of 80% of the life occupancy fee and $650 if the Residency Agreement provided for a refund of 90% of the life occupancy fee. In addition, a "real estate" monthly fee of $235-320 is payable with respect to Legacy Contracts. An additional $250 monthly service fee applies for a second person on all independent living duplex contracts entered into after January 1, 2018 but no second person fee is applicable for Legacy Contracts.

Assisted Living Units. The Corporation offers assisted living care services to residents through 52 assisted living apartments. The following table presents a summary of the assisted living unit configuration, square footage and the monthly service fee as of January 1, 2018.

Westminster Village Assisted Living Units

Assisted Living Unit Type	Number of Units	Square Feet	Entrance Fee Monthly Service Fee*	Rental Monthly Service Fee (Internal Transfer)*	Rental Monthly Service Fee (Direct Admit)*
Efficiency	3	250	$2,712	$2,881	$3,056
Studio	2	439	3,969	4,145	4,325
One Bedroom	34	523	4,232	4,409	4,590
Two Bedroom	8	765	4,585	4,761	4,943
Two Bedroom Expanded	5	860	4,585	4,761	4,943
Total/Weighted Average	52	574	$4,222	$4,399	$4,580

* An additional $900 monthly service fee applies for a second person under all assisted living apartment contracts. Monthly service fees shown above are for Level I assisted living care. An additional $425 per month is required for Level II assisted living care and an additional $850 (cumulative) is required for Level III assisted living care.

Note: Phase II of the campus redevelopment is currently expected to replace the existing assisted living units with 15 Studio, 40 One Bedroom and 5 Two Bedroom assisted living units as well as 11 One Bedroom and 1 Two Bedroom memory support assisted living units. See **Appendix C** herein for additional information.

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Skilled Nursing Units. The Corporation offers skilled nursing services to residents through its skilled nursing facility located in the Martin Health Center. The following table presents a summary of the skilled nursing unit configuration, square footage and the daily service fees as of November 1, 2018.

Skilled Nursing Unit Type	Number of Units	Approximate Square Footage	Daily Service Fee Legacy (Internal Transfer)*	Daily Service Fee Legacy (Direct Admit)*	Daily Service Fee (Internal Transfer)	Daily Service Fee (Direct Admit)
Private - New Building	48	282	$250	$276	$283	$298
Private – Original Building	6	348	250	276	283	298
Semi-Private – Original Building	24	174	211	237	225	237
Total/Weighted Average	78	254	$238	$264	$265	$279

*Legacy contracts are those entered into prior to November 1, 2018.

If a resident is on oxygen and/or has diabetic testing or insulin needs, the resident is considered "Level 2," which correlates to a $10/day increase in the daily rate to cover the costs of the additional time and required supplies.

Service Area and Competition

The primary market area served by the Corporation consists of McLean County, Illinois. The Corporation is located in McLean County and the majority of its residents come from this area. See the following chart for information regarding the Corporation's primary local competitors.

	Luther Oaks	Bickford	Blair House
Location	601 Lutz Rd. Bloomington, IL	14 Heartland Dr. Bloomington, IL	1200 E. College Ave Normal, IL
Owner/Affiliate	Lutheran Life Communities	Bickford Senior Living	Holiday Retirement
Level(s) of Care	IL, AL, Memory, Skilled Nursing	IL, AL, Memory	IL
Year Opened	2007	2000	1989
Unit Configuration			
IL Units	90	65 IL/AL (floating AL licence)	109
AL Units	(AL)40/(Memory)18	65 IL/AL (floating AL licence)	0
Skilled Care Beds	18	0	0
Total Units	166	65	109
Square Footage			
Studio	n/a	510	418-480
One Bedroom	695-814	699	550-670
Two Bedroom	989-1,344	839	860-901
Entrance Fees			
Studio	n/a	n/a	n/a
One Bedroom	140,026-171,850	n/a	n/a
Two Bedroom	182,458-265,200	n/a	n/a
Monthly Service Fees			
Studio	n/a	n/a	n/a
One Bedroom	(IL) 2,536-2,876 (AL) 4,000-4,400	n/a	n/a
Two Bedroom	(IL) 2,940-3,987 (AL) 6,200	n/a	n/a
Rental Fees			
Studio	n/a	(IL) 3,000-4,650 (AL) 3,900-6,300	2,200-2,500
One Bedroom	n/a	(IL) 4,950-5,850 (AL) 5,850-7,500	2,600-2,900
Two Bedroom	n/a	(IL) 6,150-7,350 (AL) 7,050-9,000	3,400-3,600
2nd Person Fee(s)	(IL) 890 (AL) 855	900	730
Additional Move-in Fee(s)	n/a	5000	3,050-6,550
AL Level Increase(s)	450-545	1500	n/a

	Evergreen Place	Village at Mercy Creek (Formerly Meadows)	Wellbrook	Villas of Holly Brook
Location	801 Gregory St Normal, IL & 1701 Evergreen Blvd Normal, IL	1501 Mercy Creek Dr. Normal, IL	1402 Leslie Dr. Bloomington, IL	2016 Fox Creek Rd. & 1815 Towanda Barnes Rd. Bloomington, IL
Owner/Affiliate	Heritage Enterprises	Franciscan Ministry	Wellbrook Sr. Living	The Villas of Holly Brook
Level(s) of Care	AL	AL	AL, Memory	AL, Memory
Year Opened	2000	2012	2018	2017/2018
Unit Configuration				
IL Units	0	0	0	0
AL Units	63	60	(AL)54/(Memory)26	(AL)50/(Memory)20//(AL) 50/(Memory)24
Skilled Care Beds	0	0	0	0
Total Units	63	60	80	144
Square Footage				
Studio	331	n/a	Unavailable	Unavailable
One Bedroom	387	536-604	Unavailable	Unavailable
Two Bedroom	672	726	Unavailable	Unavailable
Entrance Fees				
Studio	n/a	n/a	Unavailable	Unavailable
One Bedroom	n/a	n/a	Unavailable	Unavailable
Two Bedroom	n/a	n/a	Unavailable	Unavailable
Monthly Service Fees				
Studio	n/a	n/a	Unavailable	Unavailable
One Bedroom	n/a	n/a	Unavailable	Unavailable
Two Bedroom	n/a	n/a	Unavailable	Unavailable
Rental Fees				
Studio	3,510-3,815	n/a	Unavailable	Unavailable
One Bedroom	4,030-4,330	4,138-4,456	Unavailable	Unavailable
Two Bedroom	5,180	4,880	Unavailable	Unavailable
2nd Person Fee(s)	800	800	Unavailable	Unavailable
Additional Move-in Fee(s)	n/a	n/a	Unavailable	Unavailable
AL Level Increase(s)	470-535	n/a	Unavailable	Unavailable

Licensing and Membership

The Corporation has current licenses from the State of Illinois to operate its assisted living facility and skilled nursing facility. The Corporation maintains all required licenses to operate its facilities. The Corporation is a member of LeadingAge and LeadingAge Illinois.

Employees

As of October 1, 2018, the Corporation employed 219 people, consisting of 153 full-time, 46 part-time and 20 seasonal or "as needed" employees. Approximately 85 employees have been with Westminster Village more than five years. Turnover for the one year ended December 31, 2017 was 33%. The Corporation regularly utilized the services of temporary/agency staffing for health care personnel.

Insurance

The Loan Agreement requires the Corporation to maintain insurance with respect to its property and business (or to self-insure against such casualties, contingencies and risk) in such amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and, in the judgment of the Corporation and certified by an Independent Insurance Consultant, which are adequate to protect the Corporation's property and operations. The Corporation believes that its existing insurance policies satisfy this requirement.

RESULTS OF OPERATIONS

Historical Utilization

The following table summarizes certain historical utilization data regarding use of the Corporation's facilities during the last three fiscal years and the three month periods ended September 30, 2017 and 2018:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Independent Living Apartments	95%	94%	93%	93%	94%
Independent Living Duplexes	100%	100%	91%	100%	91%
Assisted Living	83%	87%	89%	92%	92%
Skilled Nursing	95%	81%	82%	90%	89%
Weighted Average	93%	90%	90%	93%	93%

Historical Skilled Nursing Patient Days by Payor Type

Payments on behalf of residents of the Corporation's skilled nursing beds are made by residents on their own behalf, under the Medicare programs, and by private commercial insurance carriers. The following table shows the percentage of patient days for the Corporation's skilled nursing beds by payor types during the last three fiscal years and the three month periods ended September 30, 2017 and 2018.

	Fiscal Year Ended June 30,			(Unaudited) Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Private Pay	91%	92%	91%	90%	95%
Medicare	6%	6%	7%	8%	5%
Commercial Insurance	3%	2%	2%	2%	1%
Total	100%	100%	100%	100%	100%

Financial Statements

The consolidated financial statements of the Corporation as of June 30, 2018 and 2017, and for the years then ended, included as **Appendix B** to this Official Statement, have been audited by Mueller Prost LC, St. Louis, Missouri, independent certified public accountants, as set forth in its report appearing in **Appendix B**.

The Corporation's affiliates (consisting of the Foundation and WVCH) are not obligated, directly or indirectly, to make any payments with respect to the Series 2018A Bonds and their revenues and assets are not available to pay the Series 2018A Bonds.

Budgeting Process

Annually, the administrative staff of the Corporation is charged with preparing the budget for the Corporation. In this process, the Chief Financial Officer and each senior manager, based on resident care needs and programs, prepares a budget for expenditures by department for staffing, employees (by position) and other expenditures such as supplies, foods, utilities, insurance and other items for review with the Chief Executive Officer. Rate increases are requested to insure expenses are adequately covered. In addition to the budget for revenues and expenses, a summary of requested capital expenditures is prepared showing items by urgency of need and estimated amount. The budget is reviewed and submitted to the Board for their review and approval.

Historical Summary Statements of Position

The table below presents a summary of historical statements of position of the Corporation, as of June 30, 2016, 2017 and 2018 and as of September 30, 2017 and 2018. This information has been derived from the Corporation's internal unaudited financial statements of the Corporation. The consolidated audited financial statements of the Corporation and WVCH for fiscal years ended June 30, 2018 and 2017, including the notes thereto, are contained as **Appendix B** to this Official Statement. For a discussion of the results of operations for these periods, see **"Management's Discussion and Analysis of Results of Operations."**

The assets and liabilities of WVCH, an affiliate of the Corporation, are included in the consolidated audited financial statements of the Corporation and WVCH included in Appendix B to this Official Statement but is not included in the information below. The Corporation's affiliates (consisting of the Foundation and WVCH) are not obligated, directly or indirectly, to make any payments with respect to the Series 2018A Bonds and their revenues and assets are not available to pay the Series 2018A Bonds.

Historical Summary Statements of Position
(Unaudited)

	June 30,			September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Assets					
Current Assets					
Cash and cash equivalents	$ 6,468,234	$ 3,823,812	$ 3,690,462	$ 4,317,506	$ 3,595,794
Short-term investments	501,286	343,575	-	-	-
Accounts receivable, net	487,635	417,873	429,315	473,985	376,814
Other receivables	8,274	51,354	287,942	-	342,223
Current portion of pledge receivable	-	97,115	97,115	97,115	97,115
Inventories	45,432	45,130	44,082	45,130	44,082
Prepaid expense	84,974	152,102	129,881	284,816	226,191
Total Current Assets	$ 7,595,835	$ 4,930,961	$ 4,678,797	$ 5,218,552	$ 4,682,219
Property and Equipment, Net	$ 20,232,866	$ 22,670,609	$ 46,190,876	$ 25,346,389	$ 49,053,943
Other Assets					
Long-term investments	$ 9,067,489	$ 10,352,971	$ 11,723,299	$ 10,687,314	$ 12,183,534
Interest rate swap agreement asset	-	-	217,913	-	437,698
Assets whose use is limited	288,514	313,223	320,499	316,363	329,420
Long-term portion of pledge receivable	-	185,904	94,312	94,312	94,312
Total Other Assets	$ 9,356,003	$ 10,852,904	$ 12,356,023	$ 11,097,989	$ 13,044,963
Total Assets	$ 37,184,704	$ 38,453,668	$ 63,225,696	$ 41,662,930	$ 66,781,125
Liabilities and Net Assets					
Current Liabilities					
Current portion – tax-exempt bonds	$ 284,400	$ 292,800	$ 301,800	$ 295,100	$ 304,100
Accounts payable	713,361	534,506	869,626	376,980	1,062,557
Construction payable	-	-	1,705,223	-	1,758,029
Accrued expenses					
Payroll taxes	8,731	9,890	11,524	18,980	22,333
Salaries and wages	117,700	133,696	156,190	263,706	310,489
Employee benefits	223,330	226,290	197,113	216,152	214,430
Real estate taxes	427,977	445,970	478,669	342,635	393,201
Interest	15,643	15,967	69,120	23,884	76,664
Deposits	807,523	881,874	860,276	893,398	880,082
Total Current Liabilities	$ 2,598,665	$ 2,540,993	$ 4,649,541	$ 2,430,835	$ 5,021,886
Long-Term Liabilities					
Refundable occupancy fees	$ 5,927,635	$ 6,257,989	$ 10,450,670	$ 6,496,319	$ 10,885,152
Deferred revenue from occupancy fees	1,978,744	1,787,778	-	1,787,778	-
Deferred revenue from advance fees	2,182,370	2,269,200	2,946,815	2,375,542	3,433,976
Interest rate swap agreement liability	-	633,184	-	699,751	-
Tax-exempt bonds, less current portion, net	5,893,483	5,815,947	25,828,399	8,288,825	27,425,085
Total Long-Term Liabilities	$ 15,982,232	$ 16,764,098	$ 39,225,884	$ 19,648,215	$ 41,744,214
Net Assets					
Unrestricted	$ 18,603,807	$ 18,865,558	$ 19,002,202	$ 19,300,861	$ 19,666,957
Temporarily restricted	-	283,019	348,069	283,019	348,069
Total Net Assets	$ 18,603,807	$ 19,148,577	$ 19,350,271	$ 19,583,880	$ 20,015,026
Total Liabilities and Net Assets	$ 37,184,704	$ 38,453,668	$ 63,225,696	$ 41,662,930	$ 66,781,125

Historical Summary Statements of Statements of Activities

The table on the next page presents a summary of historical statements of Statements of Activities of the Corporation for the three years ended June 30, 2016, 2017 and 2018 and the three month periods ended September 30, 2017 and 2018. This information has been derived from the Corporation's internal unaudited financial statements. The consolidated audited financial statements of the Corporation and WVCH for fiscal years ended June 30, 2018 and 2017, including the notes thereto, are contained as **Appendix B** to this Official Statement. For a discussion of the results of operations for these periods, see **"Management's Discussion and Analysis of Results of Operations."**

The revenues and expenses of WVCH, an affiliate of the Corporation, are included in the consolidated audited financial statements of the Corporation and WVCH included in Appendix B to this Official Statement but is not included in the information below. The Corporation's affiliates (consisting of the Foundation and WVCH) are not obligated, directly or indirectly, to make any payments with respect to the Series 2018A Bonds and their revenues and assets are not available to pay the Series 2018A Bonds.

Summary Statements of Statements of Activities
(Unaudited)

	Twelve Months Ended June 30,			Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Operating Revenue					
Independent living revenues, net	$ 5,062,031	$ 5,429,202	$ 5,658,264	$ 1,368,220	$ 1,472,158
Earned life occupancy fees	506,361	406,763	365,505	89,025	220,343
Health center revenues, net	6,053,335	5,686,148	5,943,116	1,464,488	1,484,686
Cottage revenues, net	238,394	243,159	200,161	54,586	57,808
Assisted living revenues, net	2,300,390	2,600,074	2,707,143	647,836	649,638
Net assets released from restrictions	-	-	79,776	-	-
Total Operating Revenue	$14,160,511	$ 14,365,346	$ 14,953,965	$ 3,624,155	$ 3,884,633
Operating Expenses					
Salaries, wages and benefits	$ 7,083,327	$ 7,325,454	$ 7,381,878	$ 1,820,015	$ 1,989,269
Training and education	43,968	45,011	58,239	8,076	14,544
Outside services	773,763	677,581	910,235	198,755	206,337
Uniforms and laundry	113,384	102,598	86,993	22,108	24,198
Software and technology	164,922	204,426	200,640	49,145	56,163
Food costs	880,563	915,308	871,229	220,022	198,396
Utilities	546,532	570,219	569,959	122,382	134,313
Marketing	107,240	96,177	103,580	22,179	25,841
Insurance	396,881	364,557	434,953	98,955	122,373
Taxes and license fees	187,792	189,549	188,889	45,899	49,298
Repair and maintenance	829,217	617,013	477,633	105,828	140,106
Professional services	105,927	114,389	95,367	35,545	41,068
Real estate taxes	432,163	445,331	466,783	114,212	147,230
Supplies	330,896	394,765	437,834	102,405	102,772
Medical supplies	92,340	102,007	116,642	31,419	46,778
Telephone and cable	70,341	68,020	67,412	16,942	16,268
Depreciation and amort.	1,610,361	1,736,028	1,935,533	460,588	518,581
Interest expense	219,045	216,259	254,699	62,153	66,249
Miscellaneous	16,715	30,451	42,329	5,477	-
Total Operating Expenses	$14,005,277	$ 14,215,143	$ 14,700,827	$ 3,542,104	$ 3,899,785
Net Operating Revenues Over Operating Expenses	$ 155,234	$ 150,203	$ 253,138	$ 82,051	$ (15,152)
Other Income (Expense)					
Realized investment income	$ 216,435	$ 173,899	$ 382,041	$ 66,193	$ 37,198
Unrealized investment income	186,009	794,479	660,963	309,685	415,667
Unrealized gain (loss) on swap agreement	-	(633,185)	851,098	(66,566)	219,784
Gift and donation income	115,420	322,604	65,050	14,205	60
Loss on execution of cottage contract amendments	-	-	(2,012,996)	-	-
Other income	1,329	1,752	2,400	29,735	7,198
Total Other Income	$ 519,193	$ 659,549	$ (51,444)	$ 353,252	$ 679,907
Change in Net Assets	$ 674,427	$ 809,752	$ 201,694	$ 435,303	$ 664,755

Historical Debt Service Coverage

The following table sets forth for the years ended June 30, 2016, 2017 and 2018 and the three-month periods ended September 30, 2017 and 2018, the revenues reflected in the unaudited financial statements of the Corporation available to pay its debt service and the extent to which those revenues covered actual annual Debt Service on the Long-Term Debt of the Corporation outstanding during those periods, computed in accordance with the Indenture and the Lease Agreement.

The revenues and expenses of WVCH, an affiliate of the Corporation, is included in the consolidated financial statements of the Corporation and WVCH but is not included in the information below. The Corporation's affiliates (consisting of the Foundation and WVCH) are not obligated, directly or indirectly, to make any payments with respect to the Series 2018A Bonds and their revenues and assets are not available to pay the Series 2018A Bonds.

Historical Debt Service Coverage
(Unaudited)

	Twelve Months Ended June 30,			Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Change in Net Assets	$ 674,427	$ 809,752	$ 201,694	$ 435,303	$ 664,755
Plus (Minus):					
Depreciation and amort.	1,610,361	1,736,028	1,935,533	460,588	518,581
Interest expense	219,045	216,259	254,699	62,153	66,249
Entrance fees received, net	1,412,115	632,528	1,434,591	433,804	1,141,807
Unrealized (gain) loss on investments	(186,009)	(794,479)	(660,963)	(309,685)	(415,667)
Unrealized (gain) loss on swap agreement.	-	633,185	(851,098)	66,566	(219,784)
Restricted donations	-	(283,019)	(65,050)	(14,205)	(60)
Amortization of deferred revenue	(506,361)	(406,763)	(365,505)	(89,025)	(220,343)
Loss on execution of cottage contract amendments	-	-	2,012,996	-	-
Net Revenues Available for Debt Service	**$** 3,223,578	$ 2,543,491	$ 3,896,897	$ 1,045,499	$ 1,535,538
Historical Actual Debt Service	$ 478,154	$ 475,802	$ 489,833	$ 119,736	$ 126,133
Historical Debt Service Coverage Ratio	6.74	5.35	7.96	8.73	12.17

Historical Turnover Entrance Fees

The following table sets forth for the years ended June 30, 2016, 2017 and 2018 and the three-month periods ended September 30, 2017 and 2018, the historical turnover entrance fees reflected in the financial statements of the Corporation. This summary should be read in conjunction with the financial statements of the Corporation and the notes thereto included in **Appendix B**. For a discussion of the results of operations for these periods, see **"Management's Discussion and Analysis of Results of Operations."**

Historical Turnover Entrance Fees

	Twelve Months Ended June 30,			(Unaudited) Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Number of Entrance Fees Received	16	9	19	5	10
Number of Entrance Fees Refunded	14	9	11	2	5
Amount of Entrance Fee Received	$ 2,757,241	$ 1,420,200	$ 2,933,100	$ 715,150	$ 1,698,000
Amount of Entrance Fees Refunded	1,345,126	787,671	1,498,510	281,346	556,193
Net Turnover Entrance Fees	$ 1,412,115	$ 632,529	$ 1,434,591	$ 433,804	$ 1,141,807
Entrance Fees Amortized and Term Income	$ 506,361	$ 406,762	$ 365,505	$ 89,025	$ 220,343

Note: If an independent living or assisted living resident releases their apartment and permanently transfers to skilled nursing, the entrance fee refund is first used to pay monthly charges. Therefore, the number of refunds represents terminated and paid out contracts plus additional funds used to pay skilled nursing bills.

Historical Liquidity Ratios

The following table sets forth for the years ended June 30, 2016, 2017 and 2018 and the three-month periods ended September 30, 2017 and 2018, certain historical liquidity ratios.

Historical Liquidity Ratios

	Twelve Months Ended June 30,			(Unaudited) Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Unrestricted cash and cash equivalents	$ 6,468,234	$ 3,823,812	$ 3,690,462	$ 4,317,506	$ 3,595,794
Unrestricted investments	9,568,775	10,696,546	11,723,299	10,687,314	12,183,534
Debt service reserve funds	-	-	-	-	-
Debt service fund	241,217	241,578	241,801	241,620	241,861
Total	$ 16,278,226	$ 14,761,936	$ 15,655,562	$ 15,246,440	$ 16,021,189
Total Long-Term Debt Outstanding (net of current portion and unamortized COI)	$ 5,893,483	$ 5,815,947	$ 25,828,399	$ 8,288,825	$ 27,425,085
Ratio of Historical Unrestricted Cash & Investments plus DSRFs to Long-Term Debt Outstanding	276.2%	253.8%	60.6%	183.9%	58.4%

Historical Days Cash on Hand

The following table sets forth for the years ended June 30, 2016, 2017 and 2018 and the three-month periods ended September 30, 2017 and 2018, certain historical days cash on hand information.

Historical Days Cash on Hand

	Twelve Months Ended June 30,			(Unaudited) Three Months Ended September 30,	
	2016	**2017**	**2018**	**2017**	**2018**
Unrestricted cash and cash equivalents	$ 6,468,234	$ 3,823,812	$ 3,690,462	$ 4,317,506	$ 3,595,794
Unrestricted investments	9,568,775	10,696,546	11,723,299	10,687,314	12,183,534
Debt service fund	241,217	241,578	241,801	241,620	241,861
Total	$ 16,278,226	$ 14,761,936	$ 15,655,562	$ 15,246,440	$ 16,021,189
Operating expenses	$ 14,005,277	$ 14,215,143	$ 14,700,827	$ 3,542,104	$ 3,899,785
Plus investment fees	39,047	65,425	39,509	9,102	11,827
Less deprec. & amort.	(1,610,361)	(1,736,028)	(1,935,533)	(460,588)	(518,581)
Total cash operating expenses	$ 12,433,963	$ 12,544,540	$ 12,804,803	$ 3,090,618	$ 3,393,031
Daily cash operating expenses	$ 33,973	$ 34,369	$ 35,082	$ 33,594	$ 36,881
Days Cash on Hand	479.2	429.5	446.3	453.8	434.4

(1) Consists of all unrestricted cash and investments, as applicable, but excludes permanently restricted investments, temporarily restricted investments for capital improvements and amounts held in debt service reserve funds.

Outstanding Long-Term Debt

After the issuance of the Series 2018A Bonds, the Corporation will have no other outstanding Long-Term Debt, other than the Series 2018B Bonds and the Series 2018 Bonds in the maximum aggregate principal amount of $29,000,000*. While no amount will be outstanding on the Series 2018B Bonds or the Series 2018C Bonds on the date of issuance of the Series 2018A Bonds, it is anticipated that amounts will be drawn on the Series 2018B Bonds and the Series 2018C Bonds over the next 30-36 months to pay the costs of the second phase of improvements to Westminster Village, as described herein.

Management's Discussion and Analysis of Results of Operations

Fiscal Year Ended June 30, 2017 Versus Fiscal Year Ended June 30, 2016

The total assets on the Corporation's statement of position increased nearly $1,269,000 from the fiscal year ended June 30, 2016 to the fiscal year ended June 30, 2017, primarily as a result of the campus expansion and renovation project that began in the spring of 2017 and positive investment income. Construction in progress at June 30, 2017 totaled a little more than $2,874,000, of which the Corporation contributed $2,682,000 of equity into the project, and investment income totaled approximately $968,000. Current liabilities remained consistent year over year, while long-term liabilities increased a little less than $782,000 due to the swap agreements executed in conjunction with bank financing for the expansion project (valued at an approximate $633,000 liability as of June 30, 2017) and construction draws of a little more than $704,000 as of June 30, 2017.

Monthly rental and service revenue from Independent Living and Assisted Living increased nearly 9.1% from the fiscal year ended June 30, 2016 to the fiscal year ended June 30, 2017 due to general rate increases as well as new rate structures that were put into place (but only for new contracts) during the fiscal year ended June 30, 2015, with respect to the assisted living units, and June 30, 2016, with respect to the independent living units. As legacy contracts turnover and new contracts are implemented, revenue will continue to rise in excess of the annual standard increase. Over the same time period, skilled nursing revenues decreased approximately 6.1% due to a decrease in average census per day of 2.6. Operating expenses were held to an overall increase of less than 1.5% from the fiscal year ended June 30, 2016 to the fiscal year ended June 30, 2017 as a result of cost management and continued efforts to evaluate current vendor relationships and contracts and negotiate more favorable terms and pricing as opportunities arose.

* Preliminary, subject to change.

Prior to the financing of the campus expansion and renovation project with the Series 2017 Bonds, the Corporation's debt consisted of $7,000,000 tax-exempt bonds ("Series 2013 Bonds") with a balance of $6,012,000 as of June 30, 2017. The Corporation had a debt service coverage ratio of 6.74 for the fiscal year ended June 30, 2016 and 5.35 for the fiscal year ended June 30, 2017, with the decrease caused by fluctuations in net entrance fees received year over year. Days Cash on Hand decreased from 480 days in the fiscal year ended June 30, 2016 to 430 in the fiscal year ended June 30, 2017 due to the equity investment of $2,682,000 for the project.

Fiscal Year Ended June 30, 2018 Versus Fiscal Year Ended June 30, 2017

The total assets on the Corporation's statement of position increased more than $24,772,000 from the fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018, primarily as a result of the continued construction for the campus expansion and renovation project and positive investment income. Construction in progress at June 30, 2018 totaled approximately $25,549,000, an increase of a little less than $22,675,000 from June 30, 2017, and investment income totaled approximately $1,043,000. Over the same time period, operating cash remained relatively consistent at just over $3,690,000 as of June 30. 2018 compared to just under $3,824,000 as of June 30, 2017. From the fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018, the valuations of the swap agreements changed from a liability position of approximately $633,000 to an asset position of approximately $218,000, resulting in an unrealized gain of a little more than $851,000 reflected in other income on the statement of activities.

Current liabilities increased more than $2,108,000 due to the recording of current expansion construction payables and retainage to be paid at the end of the construction period totaling a little more than $1,705,000, which were subsequently funded or will be funded in the future with additional construction draws. Also included in accounts payable as of June 30, 2018 was approximately $330,000 of owner's work related to the project that were submitted for reimbursement with a construction draw following payment. Long-term debt increased a little more than $20,012,000, which corresponds to the approximate $20,257,000 construction project draw proceeds less principal payments on the Series 2013 Bonds. Additionally, refundable occupancy fees increased more than $4,192,000 from June 30, 2017 to June 30, 2018 while deferred revenue from occupancy fees was eliminated in the fiscal year ended June 30, 2018 (was approximately $1,788,000 on June 30, 2017) due to the contract addendums executed with the residents occupying the 21 duplex units. The addendums changed the process and pricing for vacating the unit upon termination of the contract, and thereby changing how these contracts are classified and recorded in accordance with generally accepted accounting principles. Previously, the refundable portion was considered deferred revenue and amortized into operating revenue over the useful life of the unit, as the refund was only available upon re-occupancy and the refund amount was contingent upon the fee paid by the next occupant. The amended contracts established a standard buy-back price and eliminated the contingent factor of re-occupancy, so the entire refundable amounts are recorded as refundable occupancy fee liabilities on the statement of financial position as of June 30, 2018. The adjustment of a little less than $2,013,000 to the refundable occupancy fee liability is reflected as a loss in other income and expenses on the statement of activities.

Monthly rental and service revenue from Independent Living and Assisted Living increased nearly 4.2% from the fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018 due to general rate increases as well as the continued legacy contract turnover as discussed above. Over the same time period, Health Center service revenues increased approximately 4.5% due to an increase in average census per day of 1.5 as well as the standard rate increase. Operating expenses increased approximately $486,000 or 3.4% from the fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018. An increase in depreciation expense of approximately $200,000 accounted for 1.4% of the overall increase, which reflects the continued investment in the campus in recent years.

The debt service during the fiscal year ended June 30, 2018 consisted only of the principal and interest payments for the Series 2013 Bonds as all interest for the Series 2017 Bonds was funded by bond proceeds and no principal payments were due on the Series 2017 Bonds during such period. The debt service coverage ratio improved from 5.35 in the fiscal year ended June 30, 2017 to 7.96 in the fiscal year ended June 30, 2018 as a result of increased operating revenues and an increase in net entrance fees received from approximately $633,000 in the fiscal year ended June 30, 2017 to approximately $1,435,000 in the fiscal year ended June 30, 2018. Days Cash on Hand improved slightly from 430 days on June 30, 2017 to 446 on June 30, 2018, primarily because of positive investment income and resulting increased unrestricted investments.

Three Months Ended September 30, 2018 versus Three Months Ended September 30, 2017

The total assets on the Corporation's statement of position increased more than $25,118,000 from September 30, 2017 to September 30, 2018, primarily as a result of the continued construction for the campus expansion and renovation project and positive investment income. Construction in progress at September 30, 2018

totaled a little more than $27,615,000 compared to a little more than $5,434,000 at September 30, 2017. Unrestricted investments grew more than $1,496,000 over this time period. From September 30, 2017 to September 30, 2018, the valuations of the swap agreements changed from a liability position of approximately $700,000 to an asset position of approximately $438,000.

Current liabilities increased a little more than $2,591,000 from September 30, 2017 to September 30, 2018 due to the recording of current expansion construction payables and retainage to be paid at the end of the construction period totaling a little more than $1,758,000, which were subsequently funded or will be funded in the future with additional construction draws. Also included in accounts payable as of September 30, 2018 was approximately $168,000 of owner's work related to the project that will be submitted for reimbursement with a future construction draw. Long-term debt increased just over $19,136,000 from September 30, 2017 to September 30, 2018. This amount corresponds to the draw proceeds on the Series 2017 Bonds, less principal payments on the Series 2013 Bonds. Additionally, refundable occupancy fees increased more than $4,388,000 from September 30, 2017 to September 30, 2018 while deferred revenue from occupancy fees was eliminated during this time period due to the contract addendums executed with the residents occupying the 21 duplex units as discussed above.

Monthly rental and service revenue from Independent Living and Assisted Living increased more than 5.2% for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 due to the general rate increase of 3% effective January 1, 2018 as well as the continued legacy contract turnover as discussed above. Comparing the same time periods, skilled nursing revenues increased approximately 1.4% due to the standard rate increase as well as changes in payer mix and census. Total census days across all areas were 31,358 for the three months ended September 30, 2018 compared to 31,098 for the three months ended September 30, 2017. Over the same time period, operating expenses increased approximately $358,000 or 10.1%. An increase in depreciation expense of approximately $58,000, which reflects the continued investment in the campus in recent years, accounted for 1.6% of the overall increase. Salaries, wages and benefits expense increased approximately $169,000, which accounted for 4.8% of the overall increase. The increase was a result of a salary survey that is conducted every three years and related wage adjustments implemented in August 2018 in conjunction with a renegotiated union contract as well as rising health insurance costs.

The debt service for the three-month periods ended September 30, 2017 and 2018 consisted only of the principal and interest payments on the Series 2013 Bonds as all interest for the Series 2017 Bonds was funded with bond proceeds and no principal payments were due on the Series 2017 Bonds. The debt service coverage ratio improved from 8.73 for the three months ended September 30, 2017 to 12.17 for the three months ended September 30, 2018 primarily because of an increase in net entrance fees received, from approximately $434,000 for the three months ended September 30, 2017 to approximately $1,142,000 for the three months ended September 30, 2018. Days Cash on Hand decreased from 454 on September 30, 2017 to 434 on September 30, 2018 as a result of the increase in operating expenses as discussed above.

Summary

The Corporation's statement of position has improved steadily over the periods presented with total assets growing from just under $37,185,000 as of June 30, 2016 to a little more than $66,781,000 as of September 30, 2018 as a result of campus expansion and renovation. Long-term investments have grown more than $3,116,000 over this time period, which can be partially attributed to a new investment policy enacted by the Board of Directors in February 2016 that defined the purpose, philosophy and allocations of the Corporation's investment portfolio and strategy as well as overall market performance. Year over year positive earnings have resulted in net asset growth from approximately $18,604,000 as of June 30, 2016 to a little more than $20,015,000 as of September 30, 2018.

The Corporation's statement of activities for the periods presented reflect strong growth in revenues which has been greater than the corresponding growth in expense. The Corporation has generated positive cash flows from operating activities as well as positive changes in net assets during fiscal periods reported within Appendix A. While Days Cash on Hand has decreased over the periods presented, it remains strong at 434 days as of September 30, 2018 and the overall decrease is primarily a reflection of cash used to fund equity contributions to the expansion and renovation of the campus. The Debt Service Coverage Ratio has improved steadily over the periods presented, which reflects preparations to manage the future principal and interest payments associated with financings for the expansion and renovation projects. Additionally, the average age of plant has steadily decreased from approximately 13.01 years to begin the fiscal year ended June 30, 2016 to approximately 10.28 as of September 30, 2018, representing the Corporation's continued investment in renewal of its physical plant. While entrance fees have fluctuated year over year, there is an overall positive trend in the net entrance fees received. Based on an actuarial study completed for the fiscal year ended June 30, 2016 and pricing analysis performed during fiscal years 2014-2016, the Corporation enacted rate adjustments for new contracts effective September 2014 for Assisted Living and October 2015 for Independent Living in the range of 15% - 20% increases, as well as rate adjustments for the

entrance fees effective January 2017 for Independent Living apartments and January 2018 for Independent Living duplexes. The Corporation expects to continue to see growth in revenue and net entry fees above annual increases as a result of the implementation of new rates as units turn over and legacy pricing is phased out.

Occupancy has remained consistently strong in the range of 90% - 93%, with Independent Living units nearly 100% occupied or contract pending over the time periods in Appendix A. The waiting list has grown from approximately 200 to begin fiscal year 2014 to nearly 340 as of September 30, 2018. Payor mix has been very favorable averaging nearly 92% private pay for the skilled nursing facility. Billing and collection efforts have been a primary focus for the Corporation, resulting in an average Days in Receivables of approximately 12 for the three fiscal years reported.

Increased healthcare competition and the low unemployment rate throughout the area has caused staffing to be challenging. In spite of this, the facility-wide turnover trend is down year-over-year for the last three calendar years: 41% in 2015, 37% in 2016 and 33% in 2017. In conjunction with the master plan for campus renovation and expansion, the Corporation also adopted a goal to be the Employer of Choice. The Corporation completed an analysis of market wages and incorporated pay rates changes up to 20% for various positions effective August 2015 and again August 2018. Several other employee initiatives have been implemented including a tuition reimbursement program and an employee wellness program. The Corporation continues to improve its recruitment, screening and on-boarding practices to hire and retain employees.

Litigation

The nature of the Corporation's business may generate claims and litigation against the Corporation arising in the ordinary course of its activities. The Corporation presently is not subject to any pending or threatened negligent care claims and is not subject to any other claims against it the outcome of which are expected to have material impact on the Corporation, its financial condition or results of operations.

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APPENDIX B

FINANCIAL STATEMENTS

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WESTMINSTER VILLAGE, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	5-6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8-22
INDEPENDENT AUDITORS' REPORT OF SUPPLEMENTARY INFORMATION	23
SCHEDULE OF CERTAIN FINANCIAL STATEMENT COVENANTS	24

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CPAs + Business Advisors

Board of Directors
Westminster Village, Inc. and Subsidiary
2025 East Lincoln St.
Bloomington, IL 61701

INDEPENDENT AUDITORS' REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of *Westminster Village, Inc. and Subsidiary* (the "Organization") (a nonprofit health care entity), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of *Westminster Village, Inc. and Subsidiary* as of June 30, 2018 and 2017, and the results of its activities, changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mueller Prost LC

October 5, 2018
St. Louis, Missouri

Certified Public Accountants

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 3,862,425	$ 3,905,458
Short-term investments	-	343,575
Accounts receivable, net	430,629	419,315
Other receivables	287,942	51,354
Current portion of pledge receivable	97,115	97,115
Inventories	44,082	45,130
Prepaid expense	134,424	156,435
Total Current Assets	4,856,617	5,018,382
Property and Equipment, Net	49,499,424	26,028,902
Other Assets		
Long-term investments	11,723,299	10,352,971
Interest rate swap agreement asset	217,913	-
Assets whose use is limited	320,499	313,223
Long-term portion of pledge receivable	94,312	185,904
Total Other Assets	12,356,023	10,852,098
Total Assets	**$ 66,712,064**	**$ 41,899,382**

LIABILITIES AND NET ASSETS

Current Liabilities		
Current portion - tax-exempt bonds	$ 301,800	$ 292,800
Accounts payable	881,124	541,691
Construction payable	1,705,223	-
Accrued expenses		
Payroll taxes	11,524	9,890
Salaries and wages	156,190	133,696
Employee benefits	197,113	226,290
Real estate taxes	533,001	500,403
Interest	69,120	15,967
Deposits	879,611	898,285
Total Current Liabilities	4,734,706	2,619,022
Long-Term Liabilities		
Refundable occupancy fees	10,450,670	6,257,989
Deferred revenue from occupancy fees	-	1,787,778
Deferred revenue from advance fees	2,946,815	2,269,200
Interest rate swap agreement liability	-	633,184
Tax-exempt bonds, less current portion, net	25,828,399	5,815,947
Total Long-Term Liabilities	39,225,884	16,764,098
Net Assets		
Unrestricted	22,403,405	22,233,243
Temporarily restricted	348,069	283,019
Total Net Assets	22,751,474	22,516,262
Total Liabilities and Net Assets	**$ 66,712,064**	**$ 41,899,382**

The notes to consolidated financial statements are an integral part of these statements.

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS		
Operating Revenue		
Independent living fees and revenue, net	$ 5,658,264	$ 5,429,202
Earned life occupancy fees	365,505	406,763
Health center fees and revenue, net	5,943,116	5,686,148
Cottage fees and revenue, net	200,161	243,159
Assisted living fees and revenue, net	2,707,143	2,600,074
Net assets released from restrictions	79,776	-
Total Operating Revenue	14,953,965	14,365,346
Operating Expenses		
Independent living	5,268,906	5,209,460
Health center	5,856,405	5,573,225
Cottages	466,570	422,592
Assisted living	2,144,734	2,075,983
Management and general	964,212	933,883
Total Operating Expenses	14,700,827	14,215,143
Net Operating Revenue Over Operating Expenses	253,138	150,203
Other Income and Expenses		
Realized investment income	382,041	173,899
Unrealized investment income	660,963	794,479
Unrealized gain (loss) on swap agreements	851,098	(633,185)
Gift and donation income	-	879,585
Rental income and expenses, net	33,518	(9,022)
Other income	2,400	1,752
Loss on execution of Cottage contract amendments	(2,012,996)	-
Total Other Income and Expenses	(82,976)	1,207,508
Net Change in Unrestricted Assets	170,162	1,357,711
Net Unrestricted Assets, Beginning of Year	22,233,243	20,875,532
Net Unrestricted Assets, End of Year	**$ 22,403,405**	**$ 22,233,243**
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Other Income		
Gift and donation income	$ 144,826	$ 283,019
Net assets released from restrictions	(79,776)	-
Total Other Income	65,050	283,019
Net Change in Temporarily Restricted Assets	65,050	283,019
Net Temporarily Restricted Assets, Beginning of Year	283,019	-
Net Temporarily Restricted Assets, End of Year	**$ 348,069**	**$ 283,019**
CHANGES IN NET ASSETS		
Net Change in Unrestricted Assets	$ 170,162	$ 1,357,711
Net Change in Temporarily Restricted Assets	65,050	283,019
Net Change in Net Assets	235,212	1,640,730
Net Assets, Beginning of Year	22,516,262	20,875,532
Net Assets, End of Year	**$ 22,751,474**	**$ 22,516,262**

The notes to consolidated financial statements are an integral part of these statements.

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Independent Living	Health Center	Cottage	Assisted Living	Management and General	Total
Salaries & wages	$ 1,545,786	$ 2,799,541	$ 84,477	$ 910,349	$ 751,547	$ 6,091,700
Payroll taxes	116,546	214,641	6,171	68,837	57,166	463,361
Employee benefits	175,117	332,183	6,179	99,859	86,318	699,656
401(k) expense	38,736	50,594	2,953	19,190	15,688	127,161
Training and education	17,993	20,822	2,069	10,170	7,185	58,239
Outside services	193,132	648,766	13,302	55,035	-	910,235
Uniforms	5,101	5,424	192	2,709	-	13,426
Laundry	15,522	54,279	-	3,766	-	73,567
Software and technology	95,617	66,247	5,397	31,272	2,107	200,640
Food costs	365,667	330,896	567	174,099	-	871,229
Utilities	350,063	96,488	10,813	106,610	5,985	569,959
Marketing	51,821	29,142	6,873	15,744	-	103,580
Insurance	191,539	151,942	17,175	69,730	4,567	434,953
Taxes and license fees	6,892	177,515	376	4,106	-	188,889
Repair and maintenance	284,823	67,398	44,621	80,791	-	477,633
Professional services	35,449	39,847	12,704	7,367	-	95,367
Real estate taxes	257,101	63,643	72,336	68,802	4,901	466,783
Supplies	219,914	118,619	6,128	88,576	4,597	437,834
Medical supplies	-	115,809	-	833	-	116,642
Telephone and cable	45,452	6,194	2,861	12,197	708	67,412
Interest expense	156,533	52,553	-	42,939	2,674	254,699
Miscellaneous	23,345	15,539	666	2,333	446	42,329
Total Expenses Before Depreciation	4,192,149	5,458,082	295,860	1,875,314	943,889	12,765,294
Depreciation Expense	1,076,757	398,323	170,710	269,420	20,323	1,935,533
Total Expenses	**$ 5,268,906**	**$ 5,856,405**	**$ 466,570**	**$ 2,144,734**	**$ 964,212**	**$ 14,700,827**

The notes to consolidated financial statements are an integral part of these statements.

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017

	Independent Living	Health Center	Cottage	Assisted Living	Management and General	Total
Salaries & wages	$ 1,516,515	$ 2,887,999	$ 82,958	$ 874,699	$ 741,806	$ 6,103,977
Payroll taxes	112,913	216,983	6,027	65,257	55,500	456,680
Employee benefits	158,502	302,360	6,414	94,668	77,740	639,684
401(k) expense	39,784	48,891	3,145	18,088	15,205	125,113
Training and education	13,101	18,652	1,353	6,435	5,470	45,011
Outside services	158,704	465,380	10,410	43,087	-	677,581
Uniforms	14,565	3,983	1,143	4,515	-	24,206
Laundry	12,359	62,730	-	3,303	-	78,392
Software and technology	101,356	64,369	2,185	34,554	1,962	204,426
Food costs	383,811	347,170	1,328	182,999	-	915,308
Utilities	399,339	42,180	7,247	115,979	5,474	570,219
Marketing	49,761	25,127	6,521	14,768	-	96,177
Insurance	145,523	143,982	12,483	59,069	3,500	364,557
Taxes and license fees	9,015	177,316	303	2,915	-	189,549
Repair and maintenance	425,273	57,165	46,754	87,821	-	617,013
Professional services	45,327	49,586	5,238	14,238	-	114,389
Real estate taxes	261,940	36,893	72,126	70,097	4,275	445,331
Supplies	195,668	123,055	1,293	70,959	3,790	394,765
Medical supplies	-	101,885	-	122	-	102,007
Telephone and cable	47,494	6,653	505	12,715	653	68,020
Interest expense	148,728	25,500	-	40,194	1,837	216,259
Miscellaneous	21,808	5,446	908	1,994	295	30,451
Total Expenses Before Depreciation	4,261,486	5,213,305	268,341	1,818,476	917,507	12,479,115
Depreciation Expense	947,974	359,920	154,251	257,507	16,376	1,736,028
Total Expenses	**$ 5,209,460**	**$ 5,573,225**	**$ 422,592**	**$ 2,075,983**	**$ 933,883**	**$ 14,215,143**

The notes to consolidated financial statements are an integral part of these statements.

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 235,212	$ 1,640,730
Adjustments to reconcile net income to net cash provided by operating activities		
Occupancy and advance fees received	2,934,100	1,419,270
Depreciation	1,935,533	1,736,028
Interest expense on debt issuance costs	57,666	24,858
Loss (gain) on termination of LOF cottages and apartments	(27,446)	19,442
In-kind donation portion of bargain purchase of Veteran's property	-	(840,000)
Amortization of deferred revenue	(338,059)	(426,205)
Loss on execution of Cottage contract amendments	2,012,996	-
Net realized and unrealized gain on investments and escrow funds	(1,043,004)	(968,378)
Unrealized (gain)/loss on interest rate swap agreements	(851,097)	633,184
Change in assets - (increase) decrease		
Accounts receivable	(11,314)	72,270
Pledge receivable	91,592	(283,019)
Other receivables	(236,588)	(43,080)
Inventories	1,048	302
Prepaid expense and other current assets	22,011	(67,935)
Change in liabilities - increase (decrease)		
Accounts payable and accrued expenses	(242,784)	(202,892)
Total Adjustments	4,304,654	1,073,845
Net Cash Provided by Operating Activities	4,539,866	2,714,575
Cash Flows from Investing Activities		
Purchase of investments and escrow funds	(2,775,601)	(13,309,634)
Redemption of investments and escrow funds	2,784,576	13,125,532
Purchase of property and equipment	(2,800,001)	(3,915,963)
Net Cash Used by Investing Activities	(2,791,026)	(4,100,065)
Cash Flows from Financing Activities		
Refunds of occupancy and advance fees	(1,499,073)	(787,670)
Payments for debt issuance costs	-	(296,369)
Principal payments on tax exempt bonds	(292,800)	(284,400)
Net Cash Used by Financing Activities	(1,791,873)	(1,368,439)
Net Decrease in Cash	(43,033)	(2,753,929)
Cash - Beginning of Year	3,905,458	6,659,387
Cash - End of Year	**$ 3,862,425**	**$ 3,905,458**

The notes to consolidated financial statements are an integral part of these statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of these consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Westminster Village Inc. and its wholly owned subsidiary, WV Corner Holdings, LLC (collectively, the "Organization"). All significant intercompany transactions and balances have been eliminated in consolidation.

Nature of Operations

Westminster Village, Inc. ("Westminster), operates a residential retirement community and health care center for senior citizens located in Bloomington, Illinois. Westminster receives revenue primarily from service fees paid by residents and patients residing in its facilities.

Westminster is a non-profit corporation registered in the State of Illinois and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. In addition, Westminster has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

WV Corner Holdings, LLC ("WVCH"), a Limited Liability Company, was formed on April 4, 2016 and serves as a holding company for its property located in Bloomington, Illinois.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per financial institution. At various times during the years ended June 30, 2018 and 2017, the Organization's cash balance exceeded the FDIC's threshold.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at net realizable amounts from residents, patients, third-party payors, and other insurers for services provided.

Accounts receivable are stated as the amounts billed to or on behalf of residents. The Organization provides an allowance, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance was $8,000 and $18,975 at June 30, 2018 and 2017, respectively.

Pledges Receivable

Unconditional pledges receivable is recognized as revenue or gains in the period pledged and as assets, decreases of liabilities, or expense depending on the form of the benefits received. Pledges receivable are recorded at net realizable value for current and long-term pledges receivable.

Investments

Investments in marketable securities with readily determinable fair values are stated at fair market value. The Organization adopted an investment policy in February of 2016. This policy is to maintain the real purchasing power of the investments after inflation, costs and spending, and provide a stable source of liquidity and financial support for the mission of the Organization. In addition, the new policy released assets previously classified as board designated.

Derivative Interest Rate Swap Agreements

The Organization entered into derivative transactions in the form of interest rate swap agreements which it uses to manage the relative amounts of its fixed and variable rate long-term debt exposure. The Organization recognizes the fair value of its interest rate swap agreements in the consolidated statements of financial position, recorded in other noncurrent assets, or liabilities, as appropriate. The Organization does not account for any of its interest rate swap agreements as hedges, and accordingly, all changes in the fair value of the interest rate swap agreements are recognized in other income and expenses in the consolidated statements of activities. The interest rate swap agreements are contracts between the Organization and a third party (counterparty) that provide for economic payments between parties based on specified notional amounts and defined interest rates. The risk of interest swap agreements is estimated and managed on an ongoing basis by the Organization. The interest rate swap agreements are exposed to counterparty credit risk, which is the risk that contractual obligations of the counterparty will not be fulfilled.

Inventories

Inventories consist of food and miscellaneous supply items and are stated at the lower of cost (first-in, first-out method) or market.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation. The Organization's policy is to capitalize all assets costing over $2,000. The Organization believes that this capitalization amount accurately reflects a significant cost given the nature of its assets. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	5-40
Furniture, fixtures and equipment	5-27.5
Trucks and autos	5-15

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is recognized.

Deposits

The Organization offers current and potential residents a mix of security deposit and waitlist deposit options, respectively. Priority waiting list deposits must be paid prior to acceptance of the new rental agreement, and the Organization retains one month of rent for each unit on a rental contract.

Refundable Occupancy Fees

Refundable occupancy fees range from 75 to 90 percent of occupancy fees paid on occupancy contracts by residents. The occupancy fees are refundable when a resident leaves with no contingency on the reoccupancy of the unit.

Deferred Revenue

Deferred revenue consists of three sources of revenue:

(1) Life occupancy fees include non-refundable deposits from residents. The non-refundable fees are amortized using the straight-line method over the life expectancy of each resident. Unamortized fees not refunded to residents leaving their units are included in operating revenue in the year the resident leaves.

(2) Non-refundable advance fees range from 10 to 20 percent of fees paid on cottage lease contracts by residents and are amortized using the straight-line method over the life expectancy of each resident. Unamortized fees on reoccupancy of the cottage are included in revenue in the year of reoccupancy. As discussed in Note 12, all contracts were amended during the year ending June 30, 2018.

(3) Refundable advance fees range from 80 to 90 percent of fees paid on cottage lease contracts by residents and are amortized using the straight-line method over the remaining useful life of the cottage. The advance fees are refundable only if the cottage is reoccupied. As discussed in Note 12, all contracts were amended during the year ending June 30, 2018 which resulted in reclassification from deferred revenue to refundable occupancy fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction Payable

Construction payable represents both current construction costs payable and retainage to be paid at the end of the construction period. Payment of these amounts will be funded by tax-exempt bonds.

Financial Statement Presentation

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") regarding consolidated financial statements of not-for-profit Organizations; topic 958-210, Consolidated Financial Statements of Not-For-Profit Organizations. This provision requires the reporting total assets, liabilities and net assets in a consolidated statement of financial position, and reporting the change in net assets in a consolidated statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

The consolidated financial statements report amounts by classification of net assets, as follows:

Unrestricted Net Assets

Unrestricted net assets are assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those received with donor stipulations that limit the use of the donated assets or have time restrictions. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Organization had temporarily restricted net assets of $348,069 and $283,019 at June 30, 2018 and 2017, respectively.

Permanently Restricted Net Assets

Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. The Organization had no permanently restricted net assets at June 30, 2018 and 2017.

Revenue

Independent living, health center, cottage and assisted living fees and revenue are reported at the estimated net realizable amounts from residents, patients, third-party payors, and other insurers for services rendered.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Operational Revenue and Expenses

Contributions typically classified as one time gifts to savings or endowment that are not part of the annual operational plan is deemed non-operational revenue. Secondly, investment revenue either realized or unrealized is also non-operational revenue. Revenue and expenses for special projects that are not part of the operational development plan are deemed non-operational revenue and expenses. WV Corner Holdings, LLC rental income received by the Organization consisted of gross rental income of $312,312 and $293,428 and gross expenses of $278,794 and $302,450 during the years ended June 30, 2018 and 2017, respectively. The WV Corner Holdings, LLC rental income and expenses are presented net on the Consolidated Statement of Activities.

Contributions

All contributions received by the Organization are considered to be available and for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. It is the policy of the Organization to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Charity Care

The Organization provides services to residents who meet certain criteria under life occupancy contracts without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Fundraising Expenses

The Organization did not incur any fundraising expenses for the years ended June 30, 2018 and 2017.

Income Tax Uncertainties

Westminster is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. WVCH is single member LLC and a wholly owned subsidiary of Westminster. Since WVCH is a real estate investment without corresponding debt, no unrelated business income tax is incurred since this is an exempt activity. Therefore, no income tax payments have been made; and no liability for income taxes is reflected in the consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Uncertainties (continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income ("UBTI"). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as assets or liabilities for the years ended June 30, 2018 and 2017.

The Organization's information returns are subject to examination by the IRS, generally for 3 years after they were filed. Information returns filed for fiscal years prior to the year ended June 30, 2015 are no longer subject to examination.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, which is effective for fiscal years beginning after December 15, 2017 for public business entities or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource recipient, and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts and customers. ASU 2014-09 supersedes most current revenue recognition guidance, including industry-specific guidance, and outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and reward. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time, and ensuring the time value of money is considered in the transaction price. ASU 2014-09 can be applied either retrospectively to each prior period presented or as a cumulative-effect adjustment as of the date of adoption. Management is currently evaluating the impact of adopting ASU 2014-09 on the Organization's consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases: Amendments to the FASB Accounting Standards Codification, which amends the existing guidance on accounting for leases, and is effective for fiscal years beginning after December 15, 2019 for entities other than public business entities. This ASU requires the recognition of lease assets and liabilities on the balance sheet and the disclosure of key information about leasing arrangements. Early adoption is permitted and modified retrospective application is required for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Management is currently evaluating the impact of adopting ASU 2016-02 on the Organization's consolidated financial statements and related disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (continued)

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Consolidated Financial Statements of Not-for-Profit Entities, which makes several changes to the current reporting model for nonprofit entities, including the number of net asset classifications, the classification and disclosure of underwater endowments, functional expense disclosures, and other changes. The standard is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. Management is currently evaluating the impact of adopting ASU 2016-14 on the Organization's consolidated financial statements and related disclosures.

On June 21, 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to address questions stemming from FASB ASU No. 2014-09, Revenue from Contracts with Customers, regarding its implications on the grants and contracts of not-for-profit organizations. For transactions in which an entity is either a public business entity or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource recipient, the entity should apply the amendments in this Update on contributions received to annual periods beginning after June 15, 2018, including interim periods within those annual periods. For nonreciprocal transactions (contributions), the next point to consider for both parties is whether conditions have been placed on the resources provided. The presence of conditions affects the timing of revenue and expense recognition by the resource recipient and resource provider, respectively. Management is currently evaluating the impact of adopting ASU 2018-08 on the Organization's consolidated financial statements and related disclosures.

NOTE 2 CONSOLIDATED STATEMENTS OF CASH FLOWS

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Supplemental Disclosures:

	2018	2017
Cash paid for interest	$ 194,657	$ 191,077
Noncash operating and investing activities		
Property and equipment financed by accounts payable, construction payable and tax-exempt bonds	22,606,054	639,467
Debt issuance costs financed by tax-exempt bonds	-	217,633

NOTE 3 PLEDGES RECEIVABLE

During the year ended June 30 2017, the Organization received an unconditional promise from Westminster Village Foundation, a related party, for $300,000 to be received in $100,000 installments per year beginning in fiscal year 2018. Pledges receivable at June 30, are as follows:

	2018	2017
Receivable in less than one year	$ 97,115	$ 97,115
Receivable in one to five year	94,312	185,904
Total	**$ 191,427**	**$ 283,019**

Pledges receivable are discounted by 2.97% and reported at net realizable value as prescribed by generally accepted accounting principles. The Organization determined no allowance was necessary at June 30, 2018 or 2017.

NOTE 4 INVESTMENTS

Short-term investments at June 30, which are scheduled to mature within the next year consisted of the following:

	2018	2017
Certificates of deposit	$ -	$ 343,575
Total	**$ -**	**$ 343,575**

Long-term investments at June 30, which are not expected to be sold or mature within the next year consisted of the following:

	2018	2017
Mutual funds	$ 11,723,299	$ 10,352,971
Total	**$ 11,723,299**	**$ 10,352,971**

NOTE 5 FAIR VALUE MEASUREMENTS

"FASB ASU 820-10, Fair Value Measurements and Disclosures" establishes a framework for measuring fair value and establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organization's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Certificates of deposit and money market funds: Valued at cost plus accrued interest which approximates fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Organization are deemed to be actively traded.

Interest rate swap agreements: Valued at fair value primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

There were no liabilities measured at fair value at June 30, 2018. Fair values of assets measured on a recurring basis at June 30, 2018, are as follows:

Assets	Fair Value	Level I	Level II	Level III
Money market funds	$ 320,499	$ 320,499	$ -	$ -
Mutual funds	11,723,299	11,723,299	-	-
Interest rate swap agreements	217,913	-	217,913	-
Total Assets	**$ 12,261,711**	**$ 12,043,798**	**$ 217,913**	**$ -**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017, are as follows:

Assets	Fair Value	Level I	Level II	Level III
Certificates of deposit	$ 343,575	$ 343,575	$ -	$ -
Money market funds	313,223	313,223	-	-
Mutual funds	10,352,971	10,352,971	-	-
Total Assets	**$ 11,009,769**	**$ 11,009,769**	**$ -**	**$ -**

Liabilities	Fair Value	Level I	Level II	Level III
Interest rate swap agreements	$ 633,184	$ -	$ 633,184	$ -
Total Liabilities	**$ 633,184**	**$ -**	**$ 633,184**	**$ -**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2018	2017
Land and land improvements	$ 2,576,049	$ 2,588,278
Building and building improvements	39,814,665	37,581,817
Furniture, fixtures and equipment	2,492,701	2,584,746
Construction in progress	25,549,164	2,874,278
Less: accumulated depreciation	(20,933,155)	(19,600,217)
Total	**$ 49,499,424**	**$ 26,028,902**

Depreciation expense was $1,935,533 and $1,736,028 for the years ended June 30, 2018 and 2017, respectively. The Organization capitalized interest of $320,684 and $1,398 for the years ended June 30, 2018 and 2017, respectively.

NOTE 7 LONG-TERM DEBT

Long-term debt as of June 30, consisted of the following:

	2018	2017
Tax-exempt bonds payable to Commerce Bank, dated October 1, 2013 ("2013 Series"), payable in monthly installments, including variable principal and interest determined by the note holder (3.52% at June 30, 2018 and 2.98% at June 30, 2017), scheduled to mature on November 1, 2033.	$ 5,718,794	$ 6,011,594
Tax-exempt bonds payable to First Midwest Bank, dated May 1, 2017 ("2017A Series"), with a $23,825,167 maximum principal amount to be drawn down over a 24-month construction period with variable rate interest only monthly payments (2.90% at June 30, 2018 and 2.20% at June 30, 2017), scheduled to mature on June 1, 2047.	16,202,848	544,507
Tax-exempt bonds payable to Commerce Bank, dated May 1, 2017 ("2017B Series"), with a $7,000,000 maximum principal amount to be drawn down over a 24-month construction period with variable rate interest only monthly payments (3.22% at June 30, 2018 and 2.20% at June 30, 2017), scheduled to mature on June 1, 2047.	4,758,146	159,901
Total debt	26,679,788	6,716,002
Less: current portion of long-term debt	(301,800)	(292,800)
Less: unamortized debt issuance cost	(549,589)	(607,255)
Total Long-Term Debt	**$ 25,828,399**	**$ 5,815,947**

The 2013 Series bond interest rate is adjustable at the end of each ten-year period beginning on October 1, 2013 and will be determined based on a percentage of the applicable spread (1.80%) plus the 10-year interest swap rate in effect on the date calculated. Both the 2017A Series and 2017B Series bond interest rates during the 24-month construction, interest-only period beginning May 11, 2017 are variable based on 70% of the sum of the 1-month LIBOR (reset on the first day of each month) plus 70% of the applicable spread of 2.10% through December 31, 2017. Due to the corporate income tax rate change, effective January 1, 2018 the interest formula was changed to variable based on 79% of the sum of the 1-month LIBOR (reset on the first day of each month) plus 79% of the applicable spread of 2.10% through January 1, 2020. From January 1, 2020 to May 11, 2027, the loan maturity date, both the 2017A Series and 2017B Series bond interest rates are variable based on 79% of the sum of the 1-month LIBOR (reset on the first day of each month) plus 79% of the applicable spread of 1.85%. All debt is secured under a Master Trust Indenture and a Mortgage and Security Agreement both dated May 1, 2017.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Maturities of the 2013 Series long-term debt over the next five years and in the aggregate are as follows:

June 30,	
2019	301,800
2020	310,800
2021	320,700
2022	330,400
2023	340,700
2024 and thereafter	4,114,394
Total	**$ 5,718,794**

Monthly principal and interest payments on the 2017A and 2018B Series are due after the 24-month construction period. Due to the uncertainty in amounts of draws as well as the total amount expended at the end of the construction period, it is not reasonable to estimate the principal portion of these loans that will be repaid during each of the next five years.

Debt Issuance Costs

Debt issuance costs of $162,912 and $514,002 related to the 2013 Series and 2017A and 2017B Series Bonds, respectively, totaling $676,914 incurred in obtaining these permanent financing agreements are being amortized over the life of the debt on a straight-line basis, which, for the Organization, is not materially different from the interest method. Total amortization related to debt issuance costs is included in interest expense and amounted to $57,667 and $24,858 for the years ended June 30, 2018 and 2017, respectively, resulting in total accumulated amortization of $127,325 and $69,659, respectively.

NOTE 8 ESCROW FUNDS

Escrow funds consisted of the following as of June 30:

	2018	2017
Assets whose use is limited	$ 320,499	$ 313,223
Total Escrow Funds	**$ 320,499**	**$ 313,223**

As of June 30, the Organization had assets whose use is limited as follows:

	2018	2017
First Midwest Bank – Money market funds restricted by the Life Care Facilities Act	$ 241,801	$ 241,578
Unemployment Services Trust	76,633	65,784
Bond Indenture Restricted Cash	2,065	5,861
Total	**$ 320,499**	**$ 313,223**

NOTE 9 INTEREST RATE SWAP AGREEMENTS

As of June 30, 2018 and 2017, the Organization had $20,960,994 and $704,408, respectively, of variable-rate debt outstanding with interest payments due on a monthly basis. In order to hedge interest rate risk, the Organization entered into two interest rate swap agreements, one for the construction period and one for the post-construction period, to effectively convert its variable-rate debt into fixed-rate debt. The construction period swap was entered into and was effective on May 11, 2017 with a notional amount of $217,633 at a fixed rate of 2.897% and a maturity date of January 1, 2020. The notional amount accretes from $217,633 to $30,510,542 during this period to match the construction draw estimates. Under this swap the Organization pays a fixed rate of 2.897% on the notional amount and receives 70% of the 1-month LIBOR plus 70% of the applicable spread of 2.10%. The post-construction period swap was entered into on May 11, 2017 with an effective date of January 1, 2020 with a notional amount of $30,469,161 at a fixed rate of 3.224% and a maturity date of May 1, 2027. The notional amount amortizes from $30,469,161 to $26,252,947 during this period to match the estimated loan payment schedule. Under this swap the Organization pays the fixed rate of 3.224% on the notional amount and receives 70% of the 1-month LIBOR plus 70% of the applicable spread of 1.85%. Effective June 11, 2018 the swap was amended to match the revised variable rate formula on the loan due to the change in tax law and corporate tax rates for 2018. Under the amended post-construction swap, the Organization pays the fixed rate of 3.67% on the notional amount and receives 79% of the 1-month LIBOR plus the applicable spread of 1.85%. The amendment did not change any other terms of the swap. Payments are settled on a net basis, and the Organization has effectively converted its variable-rate debt into fixed-rate debt with an effective rate of 2.897% during the construction period and 3.670% post-construction. The Organization recognized unrealized gains of $851,098 on the change in fair market value during the year ended June 30, 2018 as compared to unrealized losses of $633,185 during the year ended June 30, 2017. The fair market values were $138,785 and $79,128 at June 30, 2018 on the notional amounts on the construction and post-constructions swaps of $217,633 and $30,469,161, respectively. At June 30, 2017, the fair market values were ($122,444) and ($510,740) on the notional amounts on the construction and post-constructions swaps of $217,633 and $30,469,161, respectively.

NOTE 10 INVESTMENT INCOME

The following schedule summarizes the investment return for the years ended June 30:

	2018	2017
Interest income	$ 363,623	$ 223,646
Net realized gain	57,927	15,678
Net unrealized gain	660,963	794,479
Investment fees	(39,509)	(65,425)
Total	**$ 1,043,004**	**$ 968,378**

NOTE 11 PROPERTY BARGAIN PURCHASE

During the year ending June 30, 2017, WV Corner Holdings, LLC, wholly owned by Westminster Village, Inc., purchased property for a bargain purchase price of $350,000. The land and building were appraised for $1,190,000. Management capitalized the land and building at the appraised value and recorded an in-kind donation revenue for $840,000, the difference in the appraised value and the bargain purchase price. In-kind donation income resulting from the bargain purchase is presented as unrestricted in other income on the Consolidated Statements of Activities.

NOTE 12 COTTAGES CONTRACT ADDENDUMS

Westminster Village, Inc. executed contract addendums with the residents occupying the 21 Cottage units during the year ended June 30, 2018. The addendums changed the process and pricing for vacating the unit upon termination of the contract, and thereby changing how these contracts are classified and recorded in accordance with GAAP. Previously, the refundable portion was considered deferred revenue and amortized into operating revenue (earned life occupancy fees) over the useful life of the unit, as the refund was only available upon re-occupancy and the refund amount was contingent upon the fee paid by the next occupant. The amended contracts established a standard buy-back price and eliminated the contingent factor of re-occupancy, so the entire refundable amounts are recorded as refundable occupancy fee liabilities on the Consolidated Statements of Financial Position. The adjustment of $2,012,996 to the refundable occupancy fee liability is reflected as a loss in Other Income and Expenses on the Consolidated Statements of Activities.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Health Care

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Litigation

The Organization may be subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operation.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Professional Liability Coverage

The Organization is insured for professional liability under an occurrence policy for a combined occurrence and maximum annual aggregate of $3,000,000.

Risk Management

The Organization has obtained workers' compensation insurance through Insurance Company of the West, a private insurer. Worker's Compensation expense through coverage by this entity was $208,287 and $237,765 for the years ended June 30, 2018 and 2017, respectively.

Right of First Refusal

As a part of prior transactions, State Farm Mutual Auto Insurance Company has been given the "right of first refusal" to purchase any or all of the remaining real estate if the Board of Directors of Westminster Village, Inc. decides to sell at any time prior to September 1, 2019.

NOTE 14 RETIREMENT PLANS

Westminster Village, Inc. established a 401(k) savings plan effective January 1, 2001. Employees who have attained age 21 are eligible to participate after 90 days. Eligible employees may make voluntary salary reduction contributions to the plan. During the year ended June 30, 2018 and 2017, the plan was a Safe Harbor plan and matches 100% up to 3% and then 50% of the next 2% contributed by employees. The Organization's contributions to the plan were $127,162 and $121,170, paid in the years ended June 30, 2018 and 2017, respectively.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date the consolidated financial statements were available to be issued.

Mueller Prost
CPAs + Business Advisors

Board of Directors
Westminster Village, Inc. and Subsidiary
2025 East Lincoln St.
Bloomington, IL 61701

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

We have audited the consolidated financial statements of *Westminster Village, Inc. and Subsidiary* as of and for the years ended June 30, 2018 and 2017, and our report thereon dated October 5, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Certain Financial Statement Covenants is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mueller Prost LC

October 5, 2018
St. Louis, Missouri

Certified Public Accountants

WESTMINSTER VILLAGE, INC. AND SUBSIDIARY
SCHEDULE OF CERTAIN FINANCIAL STATEMENT COVENANTS
YEAR ENDED JUNE 30, 2018

Historical Debt Service Coverage Ratio	Rolling 4 Quarters as of June 30, 2018 *
Total Revenue (A)	14,932,634
Total Expenses (B)	12,550,102
Net Proceeds from Entry Fee (C)	1,434,590
Income Available for Debt Service (A-B+C)	3,817,122
Debt Service Requirement (D)	1,966,000
Debt Service Coverage Ratio (A-B+C) / (D)	1.94
Required: At least 1.2	

Days Cash on Hand	As of June 30, 2017
Total Unrestricted Cash & Investments (A)	15,655,562
Total Expenses plus interest (B)	13,066,421
Days Cash on Hand = (A) / (B)/365 Days	437.3
Required: At Least 225 Days	

* As defined by the Additional Covenants Agreement between Westminster Village, Inc. and First Midwest Bank for the 2017A Series and Commerce Bank for the 2017B Series

APPENDIX C

MANAGEMENT'S FINANCIAL FORECAST

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Summary of Significant Forecast Assumptions and Accounting Policies

Basis of Presentation

The accompanying financial forecast (the "Forecast") have been prepared by the management ("Management") of Westminster Village, Inc. (the "Corporation"). The Forecast presents, to the best knowledge and belief of Management, the Corporation's consolidated forecasted results of activities, cash flows and financial position as of and for each of the six fiscal years ending June 30, 2024. Accordingly, the accompanying financial forecast reflects the judgment of Management as of November 16, 2018, the date of this Forecast, based on present circumstances and the expected course of action. The assumptions disclosed herein are those that Management believes are significant to the Forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The Forecast should be read in conjunction with the Official Statement to which this Forecast is attached, including Appendix A thereto. Capitalized terms used herein and not otherwise defined have the meanings given those terms in the Official Statement.

Background of the Corporation

Westminster Village, Inc. operates a residential retirement community and health care center for senior citizens located in Bloomington, Illinois. Founded in 1979, the Corporation is situated on a 40+ acre campus filled with beautiful landscaping, mature trees, and ample opportunities to enjoy the finest in retirement living. Westminster Village was built with the idea that retirement is meant to be enjoyed; not weighed down with the stresses of everyday life. With over 35 years of experience, the Corporation has perfected the art of carefree living by managing day-to-day tasks such as meals, housekeeping, home maintenance, and transportation to allow residents more time for the things they enjoy.

Westminster Village, Inc. is a non-profit corporation registered in the State of Illinois and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Corporation is governed by a Board of Directors comprised of local community members and business leaders.

The campus consists of a Village Center, 3 attached residential apartment buildings (177 Independent Living Units and 52 Assisted Living Units), 21 detached Independent Living Duplex Units, and an attached skilled nursing facility (78 licensed beds). A new 48 private room skilled nursing facility addition opened on November 1, 2018, with the current 78 units to be renovated in two six-month phases and completed in November 2019, for a total new licensed bed capacity of 96. Construction of a new 60 Assisted Living Units and 12 Memory Care Units Building is set to begin construction in April of 2019, with completion in August 2020. The space vacated by the current Assisted Living Units will be converted to 50 new Independent Living Units, with completion anticipated in April 2021. The following common areas and amenities are provided; central dining rooms, private dining rooms, private meeting rooms, social center, resident multi-purpose center, lounges, club room, convenience store, library, salon, arts & crafts room, medical clinic, laundry facilities, mail area, resident storage areas, fitness and wellness center, therapy center, outdoor gardens and walking paths, emergency pendant system, transportation services and guest rooms.

The following is the anticipated unit mix, entrance fees and monthly service fees for the Independent Living Apartments upon completion of the conversion of the current Assisted Living Units to new Independent Living Apartments. Completion is anticipated in April 2021.

			Anticipated April 2021			
Independent Living Apartments	**# Units**	**Sq. Ft.**	**Nonrefundable Entrance Fee**	**75 % Refundable Entrance Fee**	**Monthly Fee Under Entrance Fee Contract***	**Rental Monthly Fee***
Studio	3	439	67,200	114,200	2,302	3,053
One Bedroom	100	523	80,100	136,200	2,405	3,638
One Bedroom Expanded	2	746	114,000	193,800	2,559	4,058
Two Bedroom	82	765	117,100	199,100	2,623	4,157
Two Bedroom Expanded	16	860	131,400	223,400	2,718	4,512
Two Bedroom Corner Expanded	14	860	131,400	223,400	2,718	4,512
Two Bedroom Deluxe I	6	1,046	150,300	255,500	2,899	4,710
Two Bedroom Deluxe II	4	1,288	169,300	287,800	3,083	4,978
Total/Wtd Average:	**227**	**683**	**$ 103,801**	**$ 176,487**	**$ 2,550**	**$ 3,989**

*Second person fee = $900

The following is the anticipated unit mix and monthly service fees for the new Assisted Living Apartments and Memory Support Units. Completion is anticipated in August 2021.

			Anticipated August 1, 2021		
Unit/Campus	**# Units**	**Sq. Ft.**	**Entrance Fee Monthly Service Fee**	**Rental Monthly (Internal Transfer)**	**Rental Monthly (Direct entrance to AL)**
AL Studio	15	410	4,211	4,397	4,588
AL One Bedroom	40	600	4,490	4,678	4,870
AL Two Bedroom	5	1200	4,864	5,051	5,244
MS One Bedroom	11	400	5,092	5,472	5,700
MS Two Bedroom	1	590	5,380	5,760	6,000
Total/Wtd Average:	**72**	**571**	**4,562**	**4,782**	**4,980**

*Second person fee is $900

**Monthly service fees shown above are for Level I assisted living care. An additional $425 per month is required for Level II assisted living care and an additional $850 (cumulative) is required for Level III assisted living care.

The following is the anticipated unit mix and daily fees for the new Skilled Nursing Beds and the renovated Skilled Nursing Beds. The new Skilled Nursing Beds were available for occupancy on November 1, 2018. Half of the renovated Skilled Nursing Beds are anticipated to be available for occupancy in May 2019, with the other half available for occupancy in November 2019.

			Anticipated August 1, 2021		
Unit/Campus	# Units	Sq. Ft.	Entrance Fee Monthly Service Fee	Rental Monthly (Internal Transfer)	Rental Monthly (Direct entrance to AL)
AL Studio	15	410	4,211	4,397	4,588
AL One Bedroom	40	600	4,490	4,678	4,870
AL Two Bedroom	5	1200	4,864	5,051	5,244
MS One Bedroom	11	400	5,092	5,472	5,700
MS Two Bedroom	1	590	5,380	5,760	6,000
Total/Wtd Average:	**72**	**571**	**4,562**	**4,782**	**4,980**

*Second person fee is $900

**Monthly service fees shown above are for Level I assisted living care. An additional $425 per month is required for Level II assisted living care and an additional $850 (cumulative) is required for Level III assisted living care.

Summary of Significant Accounting Policies

(A) Basis of Accounting

Westminster Village, Inc. maintains its accounting and financial records according to the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

(B) Subsidiary and Principles of Consolidation

WV Corner Holdings, LLC ("WVCH"), a Limited Liability Company, was formed on April 4, 2016 and serves as a holding company for its property located in Bloomington, Illinois. The consolidated financial statements include the accounts of Westminster Village, Inc. and its wholly owned subsidiary, WVCH. All significant intercompany transactions and balances have been eliminated in consolidation.

(C) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidate financial statements and the reports amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(D) Accounts Receivables

Accounts receivable are stated at net realizable amounts from residents, patients, third-party payors, and other insurers for services provided. The Corporation estimates an allowance for doubtful accounts. The collectability of the Corporation's accounts receivable is reviewed on an ongoing basis, using historical payments trends, write-off experience, analysis of receivables by payer source and aging, as well as review of specific accounts. If an account is determined to be uncollectible, it will be applied to the allowance for doubtful accounts.

(E) Investments

Investments in marketable securities with readily determinable fair values are stated at fair market value. The Corporation adopted an investment policy in February of 2016 with the purpose of maintaining the real purchasing power of the investments after inflation, costs and spending, and provide a stable source of liquidity and financial support for the mission of the Corporation.

(F) Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair market value at the date of donation. The Corporation's policy is to capitalize all assets costing over $2,000. The Corporation believes that this capitalization amount accurately reflects a significant cost given the nature of its assets. Depreciation of property and equipment is computed using the straight-line method over estimated useful lives ranging from 5-40 years.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is recognized.

(G) Derivative Interest Rate Swap Agreements

The Corporation entered into derivative transactions in the form of interest rate swap agreements which it uses to manage the relative amounts of its fixed and variable rate long-term debt exposure. The Corporation recognizes the fair value of its interest rate swap agreements in the consolidated statements of financial position, recorded in other noncurrent assets or liabilities, as appropriate. The Corporation does not account for any of its interest rate swap agreements as hedges, and accordingly, all changes in the fair value are recognized in other income and expenses in the consolidated statement of activities. The interest rate swap agreements are contracts between the Corporation and a third party that provide for economic payments between parties based on specified notional amounts and defined interest rates. The risk of interest swap agreements is estimated and managed on an ongoing basis by the Corporation. The interest rate swap agreements are exposed to counterparty credit risk, which the risk that contractual obligations of the counterparty will not be fulfilled.

(H) Deposits

The Corporation retains one month of rent for each unit on a rental contract. The Corporation offers potential residents a regular wait list or a priority wait list deposit option. Priority wait list deposits must be paid prior to acceptance of a new contract.

(I) Refundable Occupancy Fees and Deferred Revenue from Entrance Fees

Entrance fees are paid by residents as they take occupancy of their reserved apartment or duplex unit under Life Occupancy Contracts. The Corporation offers a traditional non-refundable option and a 75% refundable option. Of the entrance fee, the non-refundable portion is recorded as deferred revenue and amortized using the straight-line method over the estimated remaining life expectancy of the resident. The remaining life expectancy is re-evaluated annually, and amortized periods are adjusted accordingly. The 75% portion is refundable to the resident (or appointed estate) upon termination of the contract or upon expiration of the resident and is recorded as a refundable entrance fee on the statement of financial position.

(J) Construction Payable

Construction payable represents both current construction costs payable and retainage to be paid at the end of the construction period. Payment of these amounts is funded by tax-exempt bonds.

(K) Debt Issuance Costs

Debt issuance costs consist of costs incurred from the issuance of tax-exempt bonds and include underwriter's, legal and banking fees. The fees are being amortized over the life of the debt on a straight-line basis, which, for the Corporation, is not materially different from the interest method.

(L) Net Assets

The consolidated financial statements report amounts by classification of net assets, as follows:

Unrestricted: Unrestricted net assets are assets that are not subject to donor imposed-restrictions

Temporarily Restricted Net Assets: Temporarily restricted net assets are those received with donor stipulations that limit the use of the donated assets or have time restrictions. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. The Corporation has no permanently restricted net assets.

(M) Revenue

Independent Living, Assisted Living, and Health Center fees and revenue are reported at estimated net realizable amounts from residents, patients, third-party payors, and other insurers for services rendered.

(N) Non-Operational Revenue and Expenses

Contributions typically classified as one-time gifts that are not part of the annual operational plan are deemed non-operational revenue. Secondly, investment revenue either realized or unrealized is also non-operational revenue. Revenue and expenses for special projects that are not part of the operational development plan are deemed non-operational revenues and expenses. WVCH rental income and gross expenses are presented net on the consolidated statement of activities in the non-operational revenue and expense.

Occupancy

Occupancy has been estimated by level of living, based on Management's historical experience and input from the Corporation's consultants, as follows:

Forecasted Occupancy by Level of Care

	Fiscal Year Ended June 30,				
Level of Care	**2019**	**2020**	**2021**	**2022**	**2023**
Independent Living Apartments	93%	93%	93%	93%	93%
Independent Living Duplexes	95%	95%	95%	95%	100%
Assisted Living	94%	94%	88%	94%	94%
Skilled Nursing	92%	85%	94%	94%	94%

Revenues

(A) Independent Living Revenue

Independent Living revenue is based upon charges for services provided to Residents of the Independent Living Apartment and Duplex Units. Resident service revenue is based upon the assumed occupancy and the monthly service fees of the respective units in each of the forecast periods. Managements assumes that monthly service fees increase 3 percent beginning January 1, 2019 and annually thereafter. Management also assumes the legacy-priced contracts (92 remaining as of October 1, 2018) will continue to turnover, at a diminishing rate, over the five-year forecast period to the new rate structure (up to 20% rate increases) effective October 1, 2015 for the Apartments and effective January 1, 2018 for the Duplexes. Additionally, 50 new Independent Living Units (32 two-bedroom apartments and 18 one-bedroom apartments) will be placed into service April 2021, with stabilization in September 2021.

(B) Assisted Living Revenue

Assisted Living revenue is based upon charges for services provided to Residents transferring from the Independent Living Units as well as direct admissions from the local community in the Assisted Living Units. Management assumes that monthly service fees increase 3 percent beginning January 1, 2019 and annually thereafter. Management also assumes the remaining legacy-priced contracts (6 as of October 1, 2018) will be phased out over the five-year forecast period to the new rate structure (up to 20% rate increases) effective October 1, 2014. Additionally, the current 52 units (3 efficiency, 2 studio, 34 one-bedroom and 5 two-bedroom apartments) will be converted back to Independent Living Units (as detailed above) and a new Assisted Living Building will open with 60 Assisted Living Units (55 one-bedroom and 5 two-bedroom apartments) and 12 Memory Care Units (11 one-bedroom and 1 two-bedroom apartments) in August 2020 with stabilization in January 2021.

(C) Skilled Nursing Revenue

Skilled Nursing revenue is based upon charges for services provided to Residents transferring from the Independent Living Units and Assisted Living Units as well as direct admissions from the local community to Skilled Nursing Beds. Management assumes that the per diem rates for private pay and contract Residents to increase 3 percent beginning January 1, 2020 and annual thereafter. Additionally, management has incorporated the new rate structure as of November 2018 as well as unit mix changes and licensed bed increases that are part of Phase I project to be completed in November 2019. The current skilled nursing facility is licensed for 78 beds, 38 semi-private rooms and 2 private rooms. A new 48 private room addition was constructed over the past

18 months and opened for occupancy on November 1, 2018. After residents were moved to the new addition in November 2018, 2 wings of the current facility were closed for renovation, such renovation expected to be completed in May 2019. The final two wings will follow from May 2019 to November 2019, with stabilization forecasted by May 2020. After all renovations are complete, the facility will be licensed for 96 beds (8 semi-private rooms and 80 private rooms).

(D) Earned life occupancy fees

Earned life occupancy fees represent the annual amortization of the deferred non-refundable entrance fees as described above as well as any remaining unamortized deferred revenue at the time of contract termination. Management assumes entrance fees to increase 2 percent beginning January 1, 2019 and annually thereafter. Based on historical data, management also assumes approximately 35 percent of all new contracts will select the entrance fee option and 65 percent will select the rental option. Accordingly, 35 percent of the converted 50 Independent Living Units (as described in Background above) have been incorporated into the entrance fee receipts and amortization forecasts.

(E) Other Non-Operational Income and Expense

Management forecasts an annual rate of return of 3 percent beginning in fiscal year 2019 on the Corporation's cash and investment account. Realized and unrealized gains on investments are assumed to be zero for purposes of management's forecast.

Management does not include unrestricted contributions or changes in temporarily restricted accounts during the forecast period.

Management assumes the net profit from WVCH will remain flat over the forecast period.

Operating Expenses

Operating expenses are estimated by Management based upon the historical experience of the Corporation. Salaries and wages are forecasted by Management based on its historical experience and prevailing local salary and wage rates, as well as amounts established by the union contract, which is renegotiated every three years in August. The most recent union contract was effective August 2018 and established rates to be effective through August 2021, with annual 3 percent increases. All non-union positions are assumed to increase 3 percent annually throughout the forecast period shown.

Full-time equivalent employees (FTEs) are forecasted to increase 12.25 during fiscal year 2019 related to the skilled nursing facility addition and an additional 9.25 in fiscal year 2020 to coincide with the completed renovation of the skilled nursing facility and increased licensed beds (Total 21.5 FTE's related to Phase I Skilled Nursing Project). Additionally, 14.3 FTE's related to Phase II Assisted Living Project have been phased in fiscal year 2021.

The cost of employee benefits, consisting primarily of payroll taxes, health insurances and other costs are forecasted by Management to be approximately 21 percent of salaries and wages.

Other non-salary operating expenses are assumed to include ongoing contracted services, repair & maintenance, supplies, food costs, marketing, professional services, insurance, utilities, real estate taxes, licenses, communications & technology and other miscellaneous expenses. The cost of these non-salary

operating expenses is assumed by Management to increase 2 percent annually throughout the period shown for existing spaces. For the skilled nursing addition from Phase I and the assisted living addition from Phase II, additional expenses based on square footage, meal counts and census days have been incorporated into the Forcast as the new spaces open according to the timelines described above.

Depreciation Expense

Management estimates that the Corporation is assumed to incur routine capital additions during the period shown that will be capitalized as property and equipment in the range of $2.5 to $3.3 million per year. Management also estimates Phase I Village Center Project additions and renovations of approximately $13.1 million to begin depreciation in December 2018, Phase I Skilled Nursing addition of approximately $14.2 to begin depreciation in November 2018, Phase I Skilled Nursing renovation of C/D wings of approximately $3.1 million to begin depreciation in May 2019, Phase I Skilled Nursing renovation of A/B wings of approximately $3.1 million to begin depreciation in November 2019, Phase II Assisted Living addition of approximately $26.4 million to begin depreciation in August 2020 and Phase II Independent Living Units (converted from Assisted Living Units) of approximately $3.6 million to begin depreciation April 2021. Depreciation expense is computed based on the straight-line method for buildings and equipment over the estimated average useful lives of the related assets.

Long-Term Debt and Interest Expense

Management has assumed the issuance of the Series 2018A Bonds will refund the outstanding balances at closing of the Series 2013 and Series 2017 Bonds totaling $36,394,361. In addition, the Series 2018A Bonds will fund a Debt Service Reserve Fund totaling $2,571,163 and pay the costs of issuance of approximately $889,477. Management has assumed the Series 2018A Bonds will have semi-annual interest only payments for the initial year (May 2019 and November 2019), and then semi-annual interest payments and annual principal payments beginning in May 2020 and through maturity estimated in May 2053, with an assumed fixed rate of 5.35 percent from time of issuance (assumed December 2018). The loss on extinguishment of bonds payable represents the balance of unamortized issuance costs related to the Series 2013 and Series 2017 Bonds.

In addition, Management has assumed the Series 2018B Bonds and Series 2018C Bonds totaling $29,000,000 plus an equity contribution of approximately $967,210 will fund the Phase II Project costs of $29,540,085 and the cost of issuance totaling an estimated $427,125. The Series 2018B Bonds and Series 2018C Bonds are anticipated to be financed with tax-exempt bonds through a direct bank placement with a 10-year commitment period (including a 30-month construction, interest-only period) accompanied with an integrated swap agreement for an all-in rate of approximately 3.75 percent. Management anticipates beginning principal and interest payments on the Series 2018B Bonds on July 1, 2021.

WESTMINSTER VILLAGE, INC.
FORECASTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDING JUNE 30, 2019 THROUGH 2024

	2019	2020[1]	2021[2]	2022[3]	2023	2024
Revenue						
Independent living fees and revenues	$ 5,841,684	$ 6,211,493	$ 6,742,257	$ 8,919,655	$ 9,375,644	$ 9,656,913
Cottage revenue	228,965	289,969	297,909	306,119	314,606	323,380
Assisted living fees and revenues	2,785,603	2,919,250	3,646,277	4,414,298	4,546,727	4,683,129
Health center fees and revenues	6,465,149	8,523,637	9,887,135	10,309,923	10,639,063	10,937,017
Ancillary Health Care Revenue	729,143	929,796	1,078,533	1,124,653	1,160,557	1,193,059
Contractual allowance - ancillary health care	(430,132)	(755,308)	(876,132)	(913,597)	(942,763)	(969,166)
Earned life occupancy and membership fees	528,382	580,758	677,994	774,281	1,020,631	1,098,627
Resident and Other Service Revenue	231,530	247,061	267,720	351,537	369,349	380,472
Donation & miscellaneous income	57,958	57,958	57,958	57,958	57,958	57,958
Commercial rentals	20,135	20,135	20,135	20,135	20,135	20,135
Investment income	239,713	417,652	405,565	418,999	457,136	479,906
Total Revenue	**16,698,130**	**19,442,400**	**22,205,351**	**25,783,961**	**27,019,044**	**27,861,430**
Operating Expenses						
Resident Services	402,993	417,877	433,655	456,499	473,238	489,793
Dining Services	2,418,621	2,581,441	2,831,207	3,103,762	3,227,471	3,340,265
Health and Wellness	4,011,418	4,695,389	5,211,155	5,393,612	5,582,389	5,777,772
Maintenance and Security	2,555,536	2,661,613	3,041,951	3,136,321	3,233,751	3,334,345
Housekeeping and Laundry	2,007,177	2,114,148	2,243,301	2,317,317	2,393,857	2,473,006
General & Administrative	1,945,986	2,045,892	2,252,179	2,578,469	2,690,355	2,780,883
Depreciation	2,723,964	3,083,210	3,170,166	3,257,993	3,347,575	3,438,949
Amortization	62,876	68,085	68,085	68,085	68,085	68,085
Interest	1,456,125	2,132,064	2,620,689	3,175,709	3,125,770	3,073,543
Real Estate Tax	612,744	937,272	1,100,641	1,144,667	1,190,454	1,238,072
Health Care Operating Contingency		150,000	157,500	165,375	173,644	182,326
Total Operating Expenses	**18,197,440**	**20,886,992**	**23,130,530**	**24,797,809**	**25,506,588**	**26,197,040**
Net Change in Unrestricted Assets	**(1,499,309)**	**(1,444,591)**	**(925,178)**	**986,152**	**1,512,456**	**1,664,390**
NONOPERATING GAINS (LOSSES)						
(Loss) on Extinguishment of Bonds Payable	(520,756)					
Unrealized gain (loss) on swap agreement	249,771					
Extraordinary loss of Resident Agreements	(44,017)					
Net Change in Unrestricted Net Assets	$ (1,814,312)	$ (1,444,591)	$ (925,178)	$ 986,152	$ 1,512,456	$ 1,664,390
Net Unrestricted Net Assets, Beginning	$ 22,751,475	$ 20,937,163	$ 19,492,572	$ 18,567,394	$ 19,553,545	$ 21,066,001
Net Unrestricted Net Assets, End of Year	**$ 20,937,163**	**$ 19,492,572**	**$ 18,567,394**	**$ 19,553,545**	**$ 21,066,001**	**$ 22,730,391**

[1] Stabilized occupancy of 48 renovated skilled nursing beds projected to occur in May 2020.
[2] Stabilized occupancy of 60 assisted living units and 12 memory support units projected to occur in January 2021.
[3] Stabilized occupancy of 50 new independent living units projected to occur in September 2021.

See Summary of Significant Forecast Assumptions

WESTMINSTER VILLAGE, INC.
FORECASTED STATEMENTS OF CASH FLOWS
YEAR ENDING JUNE 30, 2019 THROUGH 2024

	2019	2020[1]	2021[2]	2022[3]	2023	2024
Cash Flows from Operating Activities						
Change in net assets	$ (1,814,312)	$ (1,444,591)	$ (925,178)	$ 986,152	$ 1,512,456	$ 1,664,390
Adjustments to reconcile net income to net cash used in operating activities						
Amortization of deferred revenue	(528,382)	(580,758)	(677,994)	(774,281)	(1,020,631)	(1,098,627)
Depreciation & Amortization	2,786,840	3,151,295	3,238,252	3,326,078	3,415,660	3,507,035
Loss on Extinguishment of Bonds Payable	520,756					
Loss (gain) on sale of cottages and LOF apartments	44,017					
Unrealized loss (gain) on SWAP agreements	(249,771)					
Change in assets - (increase) decrease						
Accounts Receivable	250,330	(80,161)	(80,353)	(103,188)	(28,301)	(22,139)
Pledges receivable	191,427					
Prepaid Expenses	57,017	(3,699)	(18,031)	(2,974)	(3,063)	(3,155)
Other Assets	(34,091)	(11,783)	(14,514)	(3,189)	(3,287)	(3,394)
Change in liabilities - increase (decrease)						
Accounts payable and accrued expenses	94,879	252,061	243,185	180,463	94,981	95,526
Net Cash Provided by Operating Activities	**1,318,710**	**1,282,365**	**1,765,366**	**3,609,060**	**3,967,815**	**4,139,635**
Cash Flows from Investing Activities						
Change in assets limited as to use	(2,571,163)					
(Purchase) Redemption of Investments		1,000,000	500,000			
Routine capital expenditures	(3,300,000)	(2,500,000)	(2,500,000)	(2,550,000)	(2,601,000)	(2,653,020)
Purchase of property and equipment - Phase II	(3,130,553)	(20,500,023)	(5,909,509)			
Purchase of property and equipment - Phase I	(9,864,173)					
Net Cash Used by Investing Activities	**(18,865,889)**	**(22,000,023)**	**(7,909,509)**	**(2,550,000)**	**(2,601,000)**	**(2,653,020)**
Cash Flows from Financing Activities						
Repayment of current maturities of LTD, 2013	(5,718,794)					
Repayment of current maturities of LTD, 2017	(30,825,167)					
Repayment of current maturities of LTD, Series A 2018		(435,000)	(460,000)	(485,000)	(510,000)	(540,000)
Repayment of current maturities of LTD, Series B 2018				(615,000)	(638,000)	(662,000)
Construction loan borrowings - 2017 Issuance	9,864,173					
Proceeds from Series A 2018 Bonds	39,855,000					
Construction loan borrowings - Series B 2018	2,594,955	20,559,483	5,845,563			
Payment for debt issuance costs	(1,348,376)	(48,127)				
Entrance fee turn-over receipts, net	996,600	1,046,430	1,098,752	1,153,689	1,211,374	1,271,942
Entrance fee receipts, new units			1,053,417	1,931,264		
Net Cash Provided by Financing Activities	**15,418,391**	**21,122,786**	**7,537,731**	**1,984,953**	**63,374**	**69,942**
Net Increase (Decrease) in Cash	**(2,128,787)**	**405,127**	**1,393,588**	**3,044,014**	**1,430,189**	**1,556,557**
Cash - Beginning of Year	**3,862,425**	**1,733,638**	**2,138,766**	**3,532,353**	**6,576,367**	**8,006,555**
Cash - End of Year	**$ 1,733,638**	**$ 2,138,766**	**$ 3,532,353**	**$ 6,576,367**	**$ 8,006,555**	**$ 9,563,113**

[1] Stabilized occupancy of 48 renovated skilled nursing beds projected to occur in May 2020.
[2] Stabilized occupancy of 60 assisted living units and 12 memory support units projected to occur in January 2021.
[3] Stabilized occupancy of 50 new independent living units projected to occur in September 2021.

See Summary of Significant Forecast Assumptions

WESTMINSTER VILLAGE
A CONTINUING CARE RETIREMENT COMMUNITY
www.westminstervillageinc.com

WESTMINSTER VILLAGE, INC.
FORECASTED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 THROUGH 2024

ASSETS	2019	2020	2021	2022	2023	2024
Current Assets						
Cash and Equivalents	$ 1,733,638	$ 2,138,766	$ 3,532,354	$ 6,576,369	$ 8,006,558	$ 9,563,117
Accounts Receivable	468,241	548,402	628,755	731,942	760,243	782,381
Inventories	78,173	89,955	104,469	107,658	110,945	114,339
Prepaid Expenses	77,407	81,106	99,136	102,110	105,174	108,329
Total Current Assets	**2,357,459**	**2,858,229**	**4,364,714**	**7,518,079**	**8,982,920**	**10,568,166**
Assets Limited as to Use						
Debt Service Reserve Fund	2,571,163	2,571,163	2,571,163	2,571,163	2,571,163	2,571,163
Restricted Cash	320,499	320,499	320,499	320,499	320,499	320,499
Total Assets Limited as to Use	**2,891,662**	**2,891,662**	**2,891,662**	**2,891,662**	**2,891,662**	**2,891,662**
Property and Equipment						
Land & Improvements	962,485	962,485	962,485	962,485	962,485	962,485
Buildings and Improvements	78,165,694	101,165,717	109,575,226	112,125,226	114,726,226	117,379,246
Furniture, Fixtures & Equipment	2,492,700	2,492,700	2,492,700	2,492,700	2,492,700	2,492,700
Total Property & Equipment	81,620,879	104,620,902	113,030,411	115,580,411	118,181,411	120,834,431
Less: Accumulated Depreciation	(23,657,119)	(26,740,329)	(29,910,495)	(33,168,488)	(36,516,063)	(39,955,013)
Property and Equipment, Net	**57,963,760**	**77,880,573**	**83,119,916**	**82,411,923**	**81,665,348**	**80,879,419**
Other Assets						
Long Term Investments	11,723,299	10,723,299	10,223,299	10,223,299	10,223,299	10,223,299
WV Holdings	3,401,202	3,401,202	3,401,202	3,401,202	3,401,202	3,401,202
Interest Rate Swap Agreement	467,685	467,685	467,685	467,685	467,685	467,685
Deferred Financing Costs	1,314,333	1,294,375	1,226,289	1,158,204	1,090,119	1,022,034
Total Other Assets	**16,906,519**	**15,886,561**	**15,318,476**	**15,250,390**	**15,182,305**	**15,114,220**
Total Assets	**$ 80,119,400**	**$ 99,517,024**	**$ 105,694,768**	**$ 108,072,054**	**$ 108,722,235**	**$ 109,453,467**

LIABILITIES and NET ASSETS	2019	2020	2021	2022	2023	2024
Current Liabilities						
Accounts payable	708,060	770,399	849,851	901,464	934,108	965,685
Accrued expenses	1,209,277	1,378,038	1,526,630	1,636,903	1,683,454	1,728,760
Current portion of Long-Term Debt - Series 2018A	435,000	460,000	485,000	510,000	540,000	565,000
Current portion of Long-Term Debt - Series 2018B			615,000	638,000	662,000	688,000
Accrued interest	16,277	15,378	14,453	13,498	10,952	10,094
Security deposits & other	888,948	910,808	926,874	946,406	964,740	984,242
Total Current Liabilities	**3,257,562**	**3,534,623**	**4,417,808**	**4,646,271**	**4,795,254**	**4,941,781**
		3,534,623	4,417,808	4,646,271	4,795,253	
Long Term Debt						
Tax exempt bonds - 2018 Series A	39,420,000	38,960,000	38,475,000	37,965,000	37,425,000	36,860,000
Tax exempt bonds - 2018 Series B	2,594,955	23,154,437	28,385,000	27,747,000	27,085,000	26,397,000
Total Long-Term Debt	**42,014,955**	**62,114,437**	**66,860,000**	**65,712,000**	**64,510,000**	**63,257,000**
Other Liabilities						
Deferred revenue from advance fees	13,909,720	14,375,392	15,849,566	18,160,238	18,350,980	18,524,295
Total Other Liabilities	**13,909,720**	**14,375,392**	**15,849,566**	**18,160,238**	**18,350,980**	**18,524,295**
Total Liabilities	**59,182,237**	**80,024,452**	**87,127,374**	**88,518,509**	**87,656,234**	**86,723,076**
Net Assets	**20,937,163**	**19,492,572**	**18,567,394**	**19,553,545**	**21,066,001**	**22,730,391**
Total Liabilities and Net Assets	**$ 80,119,400**	**$ 99,517,024**	**$ 105,694,768**	**$ 108,072,054**	**$ 108,722,235**	**$ 109,453,467**

See Summary of Significant Forecast Assumptions

WESTMINSTER VILLAGE
A CONTINUING CARE RETIREMENT COMMUNITY
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WESTMINSTER VILLAGE, INC.
FORECASTED FINANCIAL RATIOS
YEAR ENDING JUNE 30, 2019 THROUGH 2024

	2019	2020[1]	2021[2]	2022[3]	2023	2024
DEBT SERVICE COVERAGE RATIO						
Change in Unrestricted Net Deficiency	($1,814,312)	($1,444,591)	($925,178)	$986,152	$1,512,456	$1,664,390
Add:						
Entry Fee receipts, net of refunds	$996,600	$1,046,430	$1,098,752	$1,153,689	$1,211,374	$1,271,942
Interest Expense	$1,456,125	$2,132,064	$2,620,689	$3,175,709	$3,125,770	$3,073,543
Depreciation & Amortization	$2,786,840	$3,151,295	$3,238,252	$3,326,078	$3,415,660	$3,507,035
Loss on Extinguishment of Bonds Payable	$520,756					
Deduct:						
Unrealized loss (gain) on SWAP agreements	($249,771)					
Entry fee amortization	($528,382)	($580,758)	($677,994)	($774,281)	($1,020,631)	($1,098,627)
Unrealized Investment gain (loss)	$44,017					
Funds Available for Debt Service	$3,167,856	$4,304,439	$5,354,520	$7,867,346	$8,244,629	$8,418,282
Annual Debt Service						
Series 2013 Bonds	$249,005					
Series 2018A Bonds	$1,285,581	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Series 2018B Bonds				$1,706,974	$1,706,205	$1,705,530
Total Maximum Annual Debt Service	$1,534,587	$2,571,163	$2,571,163	$4,278,136	$4,277,368	$4,276,693
Debt Service Coverage Ratio	**2.06**	**1.67**	**2.08**	**1.84**	**1.93**	**1.97**

DAYS CASH-ON-HAND	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Cash and Investments	$13,456,937	$12,862,065	$13,755,653	$16,799,668	$18,229,857	$19,786,416
Cash Operating Expenses *	$15,410,600	$17,585,696	$19,734,778	$21,306,356	$21,917,284	$22,507,680
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Days Cash-on-Hand	**319**	**267**	**254**	**288**	**304**	**321**

** Excludes Depreciation & Amortization*

CASH TO DEBT RATIO	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Cash and Equivalents	$1,733,638	$2,138,766	$3,532,354	$6,576,369	$8,006,558	$9,563,117
Assets Limited as to Use (DSRF)	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163	$2,571,163
Long Term Investments	$11,723,299	$10,723,299	$10,223,299	$10,223,299	$10,223,299	$10,223,299
Total	$16,028,100	$15,433,228	$16,326,816	$19,370,831	$20,801,020	$22,357,579
Total Debt	$42,449,955	$62,574,437	$67,960,000	$66,860,000	$65,712,000	$64,510,000
Daily Operating Expenses	$42,221	$48,180	$54,068	$58,374	$60,047	$61,665
Cash to Debt Ratio	**0.38**	**0.25**	**0.24**	**0.29**	**0.32**	**0.35**

[1] Stabilized occupancy of 48 renovated skilled nursing beds projected to occur in May 2020.
[2] Stabilized occupancy of 60 assisted living units and 12 memory support units projected to occur in January 2021.
[3] Stabilized occupancy of 50 new independent living units projected to occur in September 2021.

See Summary of Significant Forecast Assumptions

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE

Brief descriptions of the Master Indenture and the Mortgage are included hereafter in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Master Indenture and the Mortgage are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Series 2018A Bonds at the offices of the Authority and thereafter at the offices of the Master Trustee.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Master Indenture, the Mortgage and this Official Statement.

"Accelerable Instrument" means any Obligation or any mortgage, indenture, loan agreement or other instrument under which there has been issued or incurred, or by which there is secured, any Indebtedness evidenced by an Obligation, which Obligation or instrument provides that, upon the occurrence of an event of default under such Obligation or instrument, the holder thereof may request that the Master Trustee declare such Obligation or Indebtedness due and payable prior to the date on which it would otherwise become due and payable.

"Act" means the Illinois Finance Authority Act of the State of Illinois, as from time to time amended.

"Additional Indebtedness" means Indebtedness incurred by any Member subsequent to the issuance of the Series 2018 Obligations.

"Additional Obligations" means any evidence of Indebtedness or evidence of any repayment obligation under any Interest Rate Agreement issued after the issuance of the Series 2018 Obligations authorized to be issued by a Member pursuant to the Master Indenture which has been authenticated by the Master Trustee pursuant to the Master Indenture.

"Affiliate" means a corporation, partnership, joint venture, association, limited liability company, business trust or similar entity (a) which controls, is controlled by or is under common control with, directly or indirectly, a Member; or (b) a majority of the members of the Directing Body of which are members of the Directing Body of a Member. For the purposes of this definition, control means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors of such corporation; (b) a not for profit corporation not having stock, having the power to elect or appoint, directly or indirectly, a majority of the members of the Directing Body of such corporation; or (c) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Directing Body, by contract or otherwise. For the purposes of this definition, "Directing Body" means with respect to: (a) a corporation having stock, such corporation's board of directors and the owners, directly or indirectly, of more than 50% of the securities (as defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporation's directors (both of which groups shall be considered a Directing Body); (b) a not for profit corporation not having stock, such corporation's members if the members have complete discretion to elect the corporation's directors, or the corporation's directors if the corporation's members do not have such discretion; and (c) any other entity, its governing board or body. For the purposes of this definition, all references to directors and members shall be deemed to include all entities performing the function of directors or members however denominated.

"Assisted Living Units" means the assisted living units of the Obligated Group.

"Authority" means the Illinois Finance Authority, a body politic and corporate created and existing under and by virtue of the Act, and its successors and assigns.

"Authorized Officer" means the President, any Vice President, Executive Director, Director of Finance, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or any other officer or agent authorized to sign certificates or documents on behalf of an entity.

"Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal amount of which matures during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period. Balloon Indebtedness does not include Indebtedness which otherwise would be classified under the Master Indenture as Put Indebtedness.

"Bank Obligations" means the Series 2018B-2 Obligation and the Series Series 2018C-2 Obligation.

"Bondholder," "holder" or *"owner of the Bonds"* means the registered owner of any Related Bond.

"Book Value," when used with respect to Property of a Member, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of such Member which have been prepared in accordance with generally accepted accounting principles, and, when used with respect to Property of all Members, means the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited combined or consolidated financial statements of the Obligated Group prepared in accordance with generally accepted accounting principles, *provided* that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

"Capital Addition" means any additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or replacement of or to the Facilities consisting, in whole or in part, of new, replacement or substantially rehabilitated independent or assisted living units, health care beds or other health care related services.

"Capitalized Lease" means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee. Notwithstanding any changes to GAAP subsequent to the date hereof, any leases now or formerly classified as operating leases shall not be considered Capitalized Leases or Indebtedness for the purposes of the Master Indenture unless notice to the contrary is given to the Master Trustee by the Obligated Group Representative in accordance with the provisions of the Master Indenture under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – INTERPRETATION OF ACCOUNTING TERMS" below.

"Capitalized Rentals" means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on a balance sheet of such Person.

"Cash and Investments" means the sum of cash, cash equivalents, marketable securities, including without limitation board-designated assets, and amounts, if any, held in escrow in order to comply with the Illinois Life Care Facilities Act, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds whether permanent or temporary, which prevent the use of such funds or investments for the payment of debt service on the Obligations regardless of whether such funds or investments are considered restricted for purposes of GAAP, (c) any funds pledged or otherwise subject to a security interest for debt other than the Obligations, and (d) any pension and retirement funds, all as shown on the most recent audited or unaudited financial statements which include the Obligated Group. For purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section.

"Commitment Indebtedness" means the obligation of any Member to repay amounts disbursed pursuant to a commitment from a financial institution to refinance or purchase when due, when tendered or when required to be purchased (a) other Indebtedness of such Member, or (b) Indebtedness of a Person who is not a Member, which Indebtedness is guaranteed by a Guaranty of such Member or secured by or payable from amounts paid on Indebtedness of such Member, in either case which Indebtedness or Guaranty of such Member was incurred in

accordance with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," and the obligation of any Member to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including without limitation any penalties payable in the event of such enforcement.

"Completion Funded Indebtedness" means any Funded Indebtedness for borrowed money: (a) incurred for the purpose of financing the completion of the acquisition, construction, remodeling, renovation or equipping of Facilities with respect to which Funded Indebtedness for borrowed money has been incurred in accordance with the provisions of the Master Indenture; and (b) with a principal amount not in excess of the amount which is required to provide a completed and equipped Facility of substantially the same type and scope contemplated at the time such prior Funded Indebtedness was originally incurred, to provide for Funded Interest during the period of construction, to provide any reserve fund relating to such Completion Funded Indebtedness and to pay the costs and expenses of issuing such Completion Funded Indebtedness.

"Construction Index" means the most recent issue of the "Dodge Construction Index for U.S. and Canadian Cities" with reference to the city in which the subject property is located (or, if such Index is not available for such city, with reference to the city located closest geographically to the city in which the subject property is located), or, if such Index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Obligated Group Representative in an Officer's Certificate delivered to the Master Trustee.

"Consultant" means a professional consulting, accounting, architectural, financial, investment banking or commercial banking firm selected by the Obligated Group Representative and not objected to by the Master Trustee, having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm is not a Member of the Obligated Group, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, it being understood that an arm's length contract between such firm and any Member of the Obligated Group for the performance of consulting, banking or other services shall not be regarded as creating an interest in having any control over such entity.

"Contributions" means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable fiscal year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such fiscal year to cash or marketable securities. Contributions shall include amounts received from any Affiliate of an Obligated Group Member.

"Cross-over Date" means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the Cross-over Refunded Indebtedness is paid or redeemed, or on which it is anticipated that such principal portion will be paid or redeemed, from the proceeds of such Cross-over Refunding Indebtedness.

"Cross-over Refunded Indebtedness" means Indebtedness of a Person refunded by Cross-over Refunding Indebtedness.

"Cross-over Refunding Indebtedness" means Indebtedness of a Person issued for the purpose of refunding other Indebtedness of such Person if the proceeds of such Cross-over Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable Cross-over Date of the Cross-over Refunded Indebtedness and earnings on such escrow deposit are required to be applied to pay interest or principal on either or both of such Cross-over Refunding Indebtedness or such Cross-over Refunded Indebtedness until the Cross-over Date.

"Current Value" means (i) with respect to Property, Plant and Equipment: (a) the aggregate fair market value of such Property, Plant and Equipment as reflected in the most recent written report of an appraiser selected by the Obligated Group Representative and in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated) increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated, minus the fair market value (as reflected in such most recent appraiser's report) of any Property, Plant and Equipment included in such report but disposed of since the last such report

increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated; plus (b) the Book Value of any Property, Plant and Equipment acquired since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such acquisition to the date as of which Current Value is to be calculated, minus (c) the Book Value of any such Property, Plant and Equipment acquired since the last such report but disposed of; and (ii) with respect to any other Property, the fair market value of such Property (as determined by the Obligated Group Representative).

"Days Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing the sum of Expenses plus all expensed and capitalized interest on Indebtedness for the most recent trailing twelve-month period, as shown on the consolidating statement of operations within the most recent quarterly financial statements of the Obligated Group, by 365 or 366, as the case may be.

"Debt Service Requirements" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Funded Indebtedness of each Person or a group of Persons with respect to which calculated; *provided* that: (a) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in the provisions of the Master Indenture summarized under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" and "– CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE"; (b) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (c) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal; (d) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent moneys were initially deposited and are on deposit as of the date of calculation in a debt service reserve fund which requires that moneys on deposit in the debt service reserve fund be used to pay a principal payment in the final year of such Indebtedness, and except for the payment to be received from such debt service reserve fund, the Indebtedness would have had approximately level debt service; (e) any annual fees payable in respect of a Credit Facility (other than annual fees to be paid from proceeds of a bond issue escrowed for such purpose) shall be included in the determination of Debt Service Requirements; and (f) with respect to any Funded Indebtedness for which the number of actual payments of principal in any Fiscal Year is greater than those in the immediately preceding and/or succeeding Fiscal Years solely by reason of the fact that such principal payments are scheduled to occur other than on a specified date or dates, the first or last principal payment in such Fiscal Year, as the case may be, for which the number of payments is higher shall be deemed to be required to be made in the next preceding or succeeding Fiscal Year, as appropriate, so as to have an equal number of principal payments in each Fiscal Year.

"EMMA" means the Electronic Municipal Market Access system as described in the Securities Exchange Act of 1934, as amended by Release No. 59062, and maintained by the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12, or any similar system that is acceptable to the Securities and Exchange Commission.

"Encumbered" means, with respect to Property, subject to a Lien described in the following subsections of the definition of Permitted Encumbrances: (b) other than a Lien securing Non-Recourse Indebtedness, (d) but including only Capitalized Leases, (l)(ii), (s) and (x)(ii), and all other Liens not described in the definition of Permitted Encumbrances; *provided* that any amounts on deposit in a construction fund created in connection with the issuance of an Obligation which are held as security for the payment of such Obligation or any Indebtedness incurred to purchase such Obligation or the proceeds of which are advanced or otherwise made available in connection with the issuance of such Obligation, shall not be deemed to be Encumbered if the amounts are to be applied to construct or otherwise acquire Property which is not subject to a Lien.

"Entrance Fees" means fees, other than security deposits, monthly rentals or monthly service charges, paid to a Member by residents of living units for the purpose of obtaining the right to reside in those living units or to obtain a parking space including any refundable resident deposits described in any lease, residency agreement or similar agreements with respect to those living units or parking spaces, but shall not include any such amounts held in escrow or otherwise set aside pursuant to the requirements or a reservation agreement of any such agreement or a reservation agreement prior to the occupancy of the living unit or parking space covered by such lease or similar residency agreement (which amounts shall be included if and when occupancy occurs).

"Escrow Obligations" means, (a) with respect to any Obligation which secures a series of Related Bonds, the obligations permitted to be used to refund or advance refund such series of Related Bonds under the Related Bond Indenture, or (b) in all other cases (i) Government Obligations, (ii) obligations of any agency or instrumentality of the United States Government, (iii) certificates of deposit issued by a bank or trust company which are (A) fully insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or similar corporation chartered by the United States or (B) secured by a pledge of any United States Government Obligations having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian, (iv) obligations issued by any state of the United States or any political subdivision, public instrumentality or public authority of any state, which obligations are not callable before the date the principal thereof will be required and which obligations are fully secured by and payable solely from Government Obligations, which securities are held pursuant to an agreement, or (v) shares or certificates in any short-term investment fund which is maintained by the Master Trustee or a Related Bond Trustee.

"Excluded Property" means (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, (b) any moneys and securities held as an entrance fee deposit or security deposit, or in a resident trust fund, for any resident of any Facility of a Member prior to such resident's occupancy of any Facility, and (c) the real estate described as excluded in the Master Indenture, as amended as provided in the Master Indenture from time to time, and all improvements, fixtures, tangible personal property and equipment located thereon and used in connection therewith.

"Expenses" means, for any period, the aggregate of all expenses calculated under generally accepted accounting principles, including without limitation any taxes, incurred by the Person or group of Persons involved during such period, minus (a) interest on Funded Indebtedness (taking into account any Interest Rate Agreement as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE"), (b) depreciation and amortization, (c) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination or derisking of pension plans, (d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) losses resulting from any reappraisal, revaluation, write-down or impairment (including without limitation intangibles) of assets other than bad debts, (f) any unrealized losses resulting from changes in the valuation of investment securities and unrealized changes in the value of derivative instruments (including any change in the value of the termination value thereof) or resulting from the temporary impairment of investment securities, (g) any expenses resulting from any discontinued operations or adjustments to the value of assets or liabilities resulting from changes in GAAP, (h) asset retirement obligations (except in the year paid), (i) any other non-cash expenses, including, but not limited to, net periodic pension costs and pension adjustments related to market value fluctuations and discount rates and (j) any development, marketing, operating or other subordinated fees that have been deferred from the year in which they were originally due as a result of subordination, *provided* that such fees shall be treated as an Expense during the period in which such fees are paid. If such calculation is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

"Extendable Indebtedness" means Indebtedness which is repayable or subject to purchase at the option of the holder thereof prior to its stated maturity, but only to the extent of money available for the repayment or purchase therefor and not more frequently than once every year.

"Facilities" means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person. Facilities shall not include the land, leasehold interests, buildings, fixtures or equipment constituting Excluded Property.

"Fiscal Quarter" means each three month period ended March 31, June 30, September 30 and December 31.

"Fiscal Year" means any 12-month period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

"Fitch" means Fitch Ratings 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, "Fitch" shall be deemed to refer to any other nationally recognized

securities rating agency designated by the Master Trustee at the written direction of the Obligated Group Representative.

"Funded Indebtedness" means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed, credit extended, incurred or assumed which is not Short-Term; (b) all Short-Term Indebtedness incurred by the Person which is of the type described in subsection (D) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS"; (c) the Person's Guaranties of Indebtedness which are not Short-Term; and (d) Capitalized Rentals under Capitalized Leases entered into by the Person; *provided, however,* that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to the Master Indenture.

"Funded Interest" means (i) amounts irrevocably deposited in or (ii) amounts available to be drawn from the proceeds of Related Bonds or other Funded Indebtedness for deposit to, an escrow or other trust account to pay interest on Funded Indebtedness or Related Bonds or (iii) interest earned on amounts irrevocably deposited in an escrow or other trust account, in each case to the extent such amounts so deposited (or available for deposit) are required to be applied to pay interest on Funded Indebtedness or Related Bonds.

"*GAAP*" or *"generally accepted accounting principles"* means generally accepted accounting principles in the United States.

"Governing Body" means, with respect to a Member or the Obligated Group Representative, the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

"Government Obligations" means securities which consist of (a) United States Government Obligations or (b) evidences of a direct ownership in future interest or principal payments on United States Government Obligations, which obligations are held in a custody account by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian pursuant to the terms of a custody agreement.

"Gross Revenues" means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third-party payments), condemnation awards and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) payments or deposits under a Residency Agreement that by its terms or applicable law are required to be held in escrow or trust for the benefit of a resident until the conditions for the release of such payment or deposit have been satisfied, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units or other areas of the Facilities to be leased to residents or tenants and received prior to receipt of such certificate and licenses for occupancy of such units (provided that such deposits and payments shall be included in Gross Revenues upon the issuance of the certificates or licenses for occupancy).

"Guaranty" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of

such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

"Historical Debt Service Coverage Ratio" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Debt Service Requirement for such period and a denominator of one; *provided, however,* that in calculating the Debt Service Requirements for such period, the principal amount of any Indebtedness, and the interest thereon, included in such calculation which is paid during such period shall be excluded to the extent such principal amount and the interest thereon is paid from the proceeds of other Indebtedness incurred in accordance with the provisions of the Master Indenture.

"Historical Pro Forma Debt Service Coverage Ratio" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness then outstanding (other than any Funded Indebtedness being refunded with the Funded Indebtedness then proposed to be issued) and the Funded Indebtedness then proposed to be issued and a denominator of one.

"Income Available for Debt Service" means for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

"Indebtedness" means, for any Person, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with generally accepted accounting principles, and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise; *provided* that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, Interest Rate Agreements, any obligation to repay moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to Entrance Fees, endowment or similar funds deposited by or on behalf of such residents, or any development, marketing, operating or other subordinated fees that have been deferred from the year in which they were originally due as a result of deferral or subordination.

"Independent Architect" means a Consultant that is a licensed architect or firm of architects.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for any Related Issuer, any Member, the Master Trustee or any Related Bond Trustee.

"Independent Living Units" means the independent living units of the Obligated Group.

"Initial Entrance Fees" means Entrance Fees, including any premiums above published Entrance Fee levels, received upon the initial occupancy of any Independent Living Unit or Assisted Living Unit (including any such fees collected for the purpose of obtaining parking space) not previously Occupied.

"Insurance Consultant" means a person or firm who in the case of an individual is not an employee or officer of any Member or any Related Issuer and which, in the case of a firm, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, appointed by the Obligated Group Representative qualified to survey risks and to recommend insurance coverage for nursing homes or health care facilities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Member transacts business.

"Interest Rate Agreement" means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (*e.g.,* a call, put, cap,

floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof. An Interest Rate Agreement shall not constitute Indebtedness under the Master Indenture.

"Land" means the real Property owned or leased by the Obligated Group upon which the primary operations of the Members are conducted as described in the Master Indenture, as amended as provided therein from time to time, together with all buildings, improvements and fixtures located thereon, but excluding therefrom the Excluded Property.

"Lien" means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Capitalized Lease under which any Member is lessee and the lessor is not another Member.

"Liquidity Requirement" shall have the meaning set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT."

"Long-Term Indebtedness" means Indebtedness (which also may constitute Balloon Indebtedness or Put Indebtedness) having an original stated maturity or term greater than one year or renewable at the option of the debtor for a period greater than one year from the date of original issuance.

"Master Indenture" means this Amended and Restated Master Trust Indenture dated as of December 1, 2018, between Westminster Village, as the initial sole Member of the Obligated Group, and the Master Trustee, as it may from time to time be amended or supplemented in accordance with the terms thereof.

"Master Trustee" means UMB Bank, N.A., its successors and assigns, or any successor trustee under the Master Indenture.

"*Maximum Annual Debt Service Coverage Ratio*" means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for such period and a denominator of one.

"Maximum Annual Debt Service Requirement" means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year.

"Member," "Member of the Obligated Group" or *"Obligated Group Member"* means any Person who is listed in the Master Indenture after designation as a Member of the Obligated Group pursuant to the terms of the Master Indenture.

"MMD Index" means the Municipal Market Data "AAA" scale published by Thomson Reuters for the maturity that most closely matches the Indebtedness to which the calculation relates, or if such index is no longer published, any similar index selected by the Obligated Group Representative, published in a nationally recognized financial publication.

"Moody's" means Moody's Investors Service, Inc., 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 Master Trustee at the written direction of the Obligated Group Representative.

"Mortgage" means, the Mortgage and Security Agreement dated as of May 1, 2017, as supplemented and amended by the First Supplemental Mortgage and Security Agreement dated as of December 1, 2018 (the *"First Supplemental Mortgage"*), by Westminster Village, as mortgagor, for the benefit of the Master Trustee, as mortgagee.

"Mortgaged Property" means the real property and personal property of the Obligated Group which is subject to the Lien and security interest of the Mortgage.

"Net Proceeds" means, when used with respect to any insurance or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including attorney's fees, adjuster's fees and any expenses of the Obligated Group or the Master Trustee) incurred in the collection of such gross proceeds.

"Net Rentals" means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so-called "percentage lease" shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the immediately preceding period of the same duration as such future period; *provided* that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

"Non-Recourse Indebtedness" means any Indebtedness the liability for which is effectively limited to Property, Plant and Equipment (other than the Land) and the income therefrom, with no recourse, directly or indirectly, to any other Property of any Member.

"Obligated Group" means Westminster Village and any other Person which has fulfilled the requirements for entry into the Obligated Group set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – ENTRANCE INTO THE OBLIGATED GROUP" and which has not ceased such status pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP."

"Obligated Group Agent" means the Obligated Group Representative.

"Obligated Group Representative" means Westminster Village or such other Member or Person as may be designated from time to time pursuant to written notice to the Master Trustee, executed by the President or Chairman of the Governing Body of Westminster Village or, if Westminster Village is no longer acting as the Obligated Group Representative, of each Member of the Obligated Group.

"Obligations" means the Series 2018 Obligations and any Additional Obligations and any Obligation or Obligations issued in exchange therefor.

"Obligation Holder," "holder" or *"owner of the Obligation"* means the registered owner of any fully registered or book entry Obligation unless alternative provision is made in the Supplemental Master Indenture pursuant to which such Obligation is issued for establishing ownership of such Obligation in which case such alternative provision shall control.

"Occupied" means (i) with respect to any Independent Living Unit or Assisted Living Unit for which an Entrance Fee is charged, as applicable, any unit for which a Residency Agreement has been executed and for which any Entrance Fee payable upon occupancy has been paid or (ii) with respect to any other type of living unit (including Independent Living Units or Assisted Living Units for which Entrance Fees are not charged), physical possession of such unit by a resident.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by the Obligated Group Agent or a Member of the Obligated Group, by an Authorized Officer of Obligated Group Agent or any Member of the Obligated Group or in the case of a certificate delivered by any other Person, an Authorized Officer of such other Person, in any case whose authority to execute such certificate shall be evidenced to the satisfaction of the Master Trustee.

"Opinion of Bond Counsel" means a written opinion of nationally recognized municipal bond counsel (which counsel and opinion are acceptable to the Master Trustee) and which opinion may be based upon a ruling or rulings of the Internal Revenue Service.

"Outstanding" means, in the case of Indebtedness of a Person other than Related Bonds or Obligations, all such Indebtedness of such Person which has been issued except any such portion thereof canceled after purchase or surrendered for cancellation or because of payment at or redemption prior to maturity, any such Indebtedness in lieu

of which other Indebtedness has been duly incurred and any such Indebtedness which is no longer deemed outstanding under its terms and with respect to which such Person is no longer liable under the terms of such Indebtedness.

"Outstanding Obligations" or *"Obligations outstanding"* means all Obligations which have been duly authenticated and delivered by the Master Trustee under the Master Indenture, except:

(a) Obligations canceled after purchase or because of payment at or prepayment or redemption prior to maturity;

(b) (i) Obligations for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Master Trustee (whether upon or prior to the maturity or redemption date of any such Obligations); *provided* that if such Obligations are to be prepaid or redeemed prior to the maturity thereof, notice of such prepayment or redemption shall have been given or irrevocable arrangements satisfactory to the Master Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Master Trustee shall have been filed with the Master Trustee and (ii) Obligations securing Related Bonds for the payment or redemption of which cash or Escrow Obligations shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Related Bonds); *provided* that if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;

(c) Obligations in lieu of which others have been authenticated under the Master Indenture; and

(d) Obligations held by a Member or any of its Affiliates.

Notwithstanding the foregoing, any Obligation securing Related Bonds shall be deemed Outstanding if such Related Bonds are Outstanding.

"Outstanding Related Bonds" or *"Related Bonds outstanding"* means all Related Bonds which have been duly authenticated and delivered by the Related Bond Trustee under the Related Bond Indenture and are deemed outstanding under the terms of such Related Bond Indenture or, if such Related Bond Indenture does not specify when Related Bonds are deemed outstanding thereunder, all such Related Bonds which have been so authenticated and delivered, except:

(a) Related Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Related Bonds for the payment or redemption of which cash or Escrow Obligations of the type described in clause (b)(i) of the definition thereof shall have been theretofore deposited with the Related Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in accordance with the Related Bond Indenture; *provided* that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Related Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Related Bond Trustee shall have been filed with the Related Bond Trustee;

(c) Related Bonds in lieu of which others have been authenticated under the Related Bond Indenture; and

(d) For the purposes of all covenants, approvals, waivers and notices required to be obtained or given under the Related Bond Indenture, Related Bonds held or owned by a Member or any of its Affiliates.

"Paying Agent" means the bank or banks, if any, designated pursuant to a Related Bond Indenture to receive and disburse the principal of and interest on any Related Bonds or designated pursuant to the Master Indenture and named in an Obligation to receive and disburse the principal of and interest on such Obligation.

"Permitted Encumbrances" means the Master Indenture, any Related Loan Document, any Related Bond Indenture and, as of any particular time:

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

(b) any Lien on the Property of any Member permitted under the provisions of the Master Indenture summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIENS ON PROPERTY";

(c) the Mortgage and any other security agreement or document securing the Master Trustee, and any other Lien on Property if such Lien equally and ratably secures all of the Obligations and only the Obligations;

(d) Residency Agreements, leases, licenses and similar use agreements which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases, licenses or use agreements, such as office space for physicians and educational institutions, food service facilities, gift shops, commercial, beauty shop, banking, parking for residents, other similar specialty services, pharmacy and similar departments or employee rental apartments; sale/saleback or lease/leaseback or similar arrangements in connection with the issuance of Related Bonds; and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's-length transaction;

(e) Liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST";

(f) 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);

(g) any mechanic's, laborer's, materialman's, supplier's or vendor's Lien or right in respect thereof if payment is not yet due under the contract in question or has been due for less than 90 days, or if such Lien is being contested in accordance with the provisions of the Master Indenture;

(h) 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 adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof, including without limitation statutory liens granted to banks or other financial institutions, which liens have not been specifically granted to secure Indebtedness and which do not apply to Property which has been deposited as part of a plan to secure Indebtedness;

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

(j) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, and similar rights under other federal statutes or statutes of the state in which the Property involved is located;

(k) all right, power, franchise, grant, license, permit, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(l) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, *provided* that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Member and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(m) 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 any Member 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;

(n) Liens on moneys deposited by residents or others with a Member as security for or as prepayment of the cost of resident or patient care or any rights of residents of life care, elderly housing or similar facilities to endowment, prepayment or similar funds deposited by or on behalf of such residents;

(o) Liens on Excluded Property;

(p) Liens on Property due to rights of third-party payors for recoupment of excess reimbursement paid;

(q) any security interest in the Rebate Fund, any depreciation reserve, debt service or interest reserve, debt service, construction fund or any similar fund established pursuant to the terms of any Supplemental Master Indenture, Related Bond Indenture or Related Loan Document in favor of the Master Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Indebtedness issued pursuant to such Supplemental Master Indenture, Related Bond Indenture or Related Loan Document or the holder of any related Commitment Indebtedness;

(r) any Lien on any Related Bond or any evidence of Indebtedness of any Member acquired by or on behalf of any Member which secures Commitment Indebtedness and only Commitment Indebtedness;

(s) any Lien on Property acquired or leased by a Member which Lien secures Indebtedness issued, incurred or assumed by any Member, in connection with and to effect such acquisition, lease or existing Indebtedness which will remain outstanding, but not increased, after such acquisition or lease which Lien encumbers Property other than Land, if in any such case the aggregate principal amount of such Indebtedness does not exceed the fair market value of the Property subject to such Lien as determined in good faith by the Member;

(t) Liens on accounts receivable arising as a result of the sale of such accounts receivable with or without recourse, *provided* that the principal amount of Indebtedness secured by any such Lien does not exceed the face amount of such accounts receivable sold;

(u) Liens on Property of a Person existing at the time such Person is merged into or consolidated with a Member, or at the time of a sale, lease or other disposition of the properties of a Person as an entirety or substantially as an entirety to a Member which becomes part of a Property that secures Indebtedness that is assumed by a Member as a result of any such merger, consolidation or acquisition; provided, that no such Lien maybe increased, extended, renewed or modified after such date to apply to any Property of a Member not subject to such lien on such date unless such Lien as so increased, extended, renewed or modified is otherwise permitted under the Master Indenture;

(v) Liens on Property of a Member securing the obligation of a Member to repay amounts owing under Interest Rate Agreements or otherwise serving as collateral with respect thereto;

(w) Liens resulting from a right of set-off granted to a financial institution in connection with credit or Indebtedness;

(x) 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, as are set forth in the Master Indenture, and which (i) in the case of Property owned by the Obligated Group on the date of execution of the Master Indenture, do not and will not, so far as can reasonably be foreseen, materially adversely affect the value of the Property currently affected thereby or materially impair the same, and (ii) in the case of any other Property, do not materially impair or materially interfere with the operation or usefulness thereof for the purpose for which such Property was acquired or is held by a Member; and

(y) the items set forth in the title insurance policy delivered in connection with the recordation of the Mortgage and attached as an exhibit to the Master Indenture.

"Permitted Investments" means and includes any of the following:

(a) Government Obligations;

(b) debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank) which is either (i) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit account, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Master Trustee or any Related Bond Trustee or their affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and, which mature not more than 365 days after the date of purchase;

(e) commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which matures not more than 270 days after the date of purchase;

(f) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(g) asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by any Rating Agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(h) investment agreements with banks that at the time the agreement is executed are at the time of purchase rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency or investment agreements with non-bank financial institutions, provided that (1) all of the unsecured, direct long-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time the agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if the non-bank financial institution and any

related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-bank financial institution or the related guarantor of the non-bank financial institution is at the time of purchase rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by any Rating Agency. If such non-bank financial institution and any guarantor do not have any short-term or long-term debt, but do have a rating in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), then investment agreements with the non-bank financial institution will be permitted;

(i) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including, without limitation, any Related Bond Trustee, the Master Trustee or their affiliates), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of the Master Trustee or the Master Trustee's agent;

(j) investments in a money market fund, including funds of a Related Bond Trustee, the Master Trustee or their affiliates, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency; and

(k) shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and whose investments consist solely of Permitted Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Master Trustee, a Related Bond Trustee or their affiliates derive a fee for investment advisory or other services to the fund.

The Related Bond Trustee and the Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent receipt of written notice or information to the contrary.

For the purposes of this definition, obligations issued or held in the name of the Related Bond Trustee or the Master Trustee (or in the name of the Issuer and payable to the Related Bond Trustee or the Master Trustee) in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Related Bond Trustee or the Master Trustee, as applicable.

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

"Primary Obligor" means the Person who is primarily obligated on an obligation which is guaranteed by another person.

"Projected Debt Service Coverage Ratio" means, for any future period, the ratio consisting of a numerator equal to the amount determined by dividing the projected Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Funded Indebtedness expected to be outstanding during such period and a denominator of one.

"Projected Rate" means the projected yield at par of an obligation as set forth, in the case of (i) and (ii) below, in a certificate of the Obligated Group Representative or, in the case of (iii) below, in a report of a Consultant. At the option of the Obligated Group Representative, the Projected Rate shall be based on (i) in the case of obligations the interest on which is expected to be exempt from federal income taxes, the MMD Index plus 1.0% per annum as published not more than seven Business Days prior to the calculation date, (ii) for taxable indebtedness, the rate on U.S. Treasuries with a maturity as close as available to the Indebtedness for which the Projected Rate is being determined plus a spread provided by a Consultant which spread will result in a Projected

Rate that is reasonably comparable in the view of the Consultant to the current market rate for other similar taxable indebtedness or (iii) a Consultant's report stating that in determining the Projected Rate such Consultant reviewed the yield evaluations at par of not less than three obligations selected by such Consultant, the interest on which is entitled to the exemption from federal income tax afforded by Section 103(a) of the Code or any successor thereto (or, if it is not expected that it will be reasonably possible to issue such tax-exempt obligations, then obligations the interest on which is subject to federal income taxation) which obligations such Consultant states in its report are reasonable comparators for utilizing in developing such Projected Rate and which obligations: (i) were outstanding on a date selected by the Consultant which date so selected occurred during the 90-day period preceding the date of the calculation utilizing the Projected Rate in question, (ii) to the extent practicable, are obligations of Persons engaged in operations similar to those of the Obligated Group and having a credit rating similar to that of the Obligated Group, (iii) are not entitled to the benefits of any credit enhancement, including without limitation any letter or line of credit or insurance policy, and (iv) to the extent practicable, have a remaining term and amortization schedule substantially the same as the obligation with respect to which such Projected Rate is being developed.

"Property" means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired, other than Excluded Property.

"Property, Plant and Equipment" means all Property of each Member which is classified as property, plant and equipment under generally accepted accounting principles.

"Put Date" means (a) any date on which an owner of Put Indebtedness may elect to have such Put Indebtedness paid, purchased or redeemed by or on behalf of the underlying obligor prior to its stated maturity date or (b) any date on which Put Indebtedness is required to be paid, purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

"Put Indebtedness" means Long-term Indebtedness which is (a) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (b) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, other than by reason of an event of taxability with respect to any Related Bond or other than by reason of acceleration upon the occurrence of an event of default.

"Rating Agency" means Moody's, S&P or Fitch, and their respective successors and assigns.

"Rebate Fund" means any Rebate Fund created by a Related Bond Indenture.

"Related Bond Indenture" means the Series 2018A Bond Indenture, the Series 2018B Bond Indenture, the Series 2018C Bond Indenture and any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

"Related Bond Trustee" means the Series 2018A Bond Trustee, the Series 2018B Bond Trustee, the Series 2018C Bond Trustee and any other trustee under any Related Bond Indenture and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Indenture, the Related Issuer.

"Related Bonds" means the Series 2018A Bonds, the Series 2018B Bonds, the Series 2018C Bonds and any other revenue bonds, certificates of participation or other similar obligations the proceeds of which are loaned or otherwise made available to any Member in consideration, whether in whole or in part, of the execution, authentication and delivery of an Obligation or Obligations.

"Related Issuer" means the Authority and any other issuer of a series of Related Bonds.

"Related Loan Document" means the Series 2018A Loan Agreement, the Series 2018B Loan Agreement, the Series 2018C Loan Agreement and any other document or documents (including without limitation any loan agreement, lease, sublease or installment sales contract) pursuant to which any proceeds of any Related Bonds are advanced to any Member (or any Property financed or refinanced with such proceeds is leased, subleased or sold to a Member).

"Required Information Recipients" shall have the meaning set forth as provided by the provision summarized under subsection (b) of caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

"Residency Agreement" means any written agreement or contract, as amended from time to time, between a Member and a resident of a Facility giving the resident certain rights of occupancy in the Facility, including without limitation, Independent Living Units, Assisted Living Units, skilled nursing beds or specialty care beds and providing for certain services to such resident.

"Revenues" means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) resident service revenues plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business or any gain from the extinguishment of debt or other extraordinary item or earnings on deposits which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness), plus (iv) Unrestricted Contributions, plus (v) any other Entrance Fees received (other than Initial Entrance Fees) minus (A) Entrance Fees amortized during such Fiscal Year and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with generally accepted accounting principles; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative instruments, (ii) earnings resulting from any reappraisal, revaluation, write-up or impairment of assets (including, without limitation, intangibles and pension adjustments related to market value fluctuations and discount rates) of fixed or capital assets, (iii) insurance (other than business interruption) and condemnation proceeds and (iv) adjustments to the value of assets or liabilities resulting from changes in GAAP; *provided, however,* that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between a Member and any other Member. For purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation. For purposes of any calculation under the Master Indenture that is made with reference to both Revenues and Expenses, any deduction from gross resident service revenues otherwise required by this definition shall not be made if and to the extent that the amount of such deduction is included in Expenses.

"Rule 15c2-12" means Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2018 Bonds" means the Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds.

"Series 2018 Obligations" means the Series 2018A Obligation, the Series 2018B-1 Obligation, the Series 2018B-2 Obligation, the Series 2018C-1 Obligation, the Series 2018C-2 Obligation and the Series 2018D Obligation.

"Series 2018A Bond Indenture" means the Bond Trust Indenture dated as of December 1, 2018, between the Authority and the Series 2018A Bond Trustee providing for the issuance of the Series 2018A Bonds.

"Series 2018A Bond Trustee" means UMB Bank, N.A., or any successor thereto under the Series 2018A Bond Indenture.

"Series 2018A Bonds" means the Illinois Finance Authority Revenue Bonds, Series 2018A (Westminster Village) authorized to be issued pursuant to the terms and conditions of the Series 2018A Bond Indenture.

"Series 2018A Loan Agreement" means the Loan Agreement dated as of December 1, 2018, between the Authority and Westminster Village, relating to the Series 2018A Bonds.

"Series 2018A Obligation" means Westminster Village's Direct Note Obligation, Series 2018A (Illinois Finance Authority), issued under the Master Indenture as security for the Series 2018A Bonds.

"Series 2018B Additional Covenants Agreement" means the Additional Covenants Agreement dated as of December 1, 2018 between Westminster Village, on its own behalf and as Obligated Group Representative, and First Midwest Bank.

"Series 2018B Bond Indenture" means the Bond Trust Indenture dated as of December 1, 2018, between the Authority and the Series 2018B Bond Trustee providing for the issuance of the Series 2018B Bonds.

"Series 2018B Bond Trustee" means UMB Bank, N.A., or any successor thereto under the Series 2018B Bond Indenture.

"Series 2018B Bonds" means the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2018B (Westminster Village Project) authorized to be issued pursuant to the terms and conditions of the Series 2018B Bond Indenture.

"Series 2018B Loan Agreement" means the Loan Agreement dated as of December 1, 2018, between the Authority and Westminster Village, relating to the Series 2018B Bonds.

"Series 2018B-1 Obligation" means Westminster Village's Direct Note Obligation, Series 2018B-1 (Illinois Finance Authority), issued under the Master Indenture as security for the Series 2018B Bonds.

"Series 2018B-2 Obligation" means Westminster Village's Direct Note Obligation, Series 2018B-2 (First Midwest Bank), issued under the Master Indenture as security for the Series 2018B Additional Covenants Agreement.

"Series 2018C Additional Covenants Agreement" means the Additional Covenants Agreement dated as of December 1, 2018 between Westminster Village, on its own behalf and as Obligated Group Representative, and First Midwest Bank.

"Series 2018C Bond Indenture" means the Bond Trust Indenture dated as of December 1, 2018, between the Authority and the Series 2018C Bond Trustee providing for the issuance of the Series 2018C Bonds.

"Series 2018C Bond Trustee" means UMB Bank, N.A., or any successor thereto under the Series 2018C Bond Indenture.

"Series 2018C Bonds" means the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2018C (Westminster Village Project) authorized to be issued pursuant to the terms and conditions of the Series 2018C Bond Indenture.

"Series 2018C Loan Agreement" means the Loan Agreement dated as of December 1, 2018, between the Authority and Westminster Village, relating to the Series 2018C Bonds.

"Series 2018C-1 Obligation" means Westminster Village's Direct Note Obligation, Series 2018C-1 (Illinois Finance Authority), issued under the Master Indenture as security for the Series 2018C Bonds.

"Series 2018C-2 Obligation" means Westminster Village's Direct Note Obligation, Series 2018C-2 (First Midwest Bank), issued under the Master Indenture as security for the Series 2018C Additional Covenants Agreement.

"Series 2018D Obligation" means Westminster Village's Direct Note Obligation, Series 2018D (First Midwest Bank), issued under the Master Indenture as security for the interest rate hedge agreement related to the Series 2018B Bonds and the Series 2018C Bonds.

"Short-Term," when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

"Stable Occupancy" means with respect to any facility financed with Indebtedness for which the Master Trustee was furnished a Consultant's report pursuant to the Master Indenture (or, if no Consultant's report was required by the Master Indenture, an Officer's Certificate), the percentage of Occupied units in that facility at the level reflected as substantially at the sustainable capacity for which such facility was designed or "stabilized occupancy" for that facility in the Consultant's report or the Officer's Certificate.

"S&P" means S&P Global Ratings Services, 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 Master Trustee, at the direction of the Obligated Group Representative.

"Subordinated Indebtedness" means Indebtedness which meets the requirements set forth in the Master Indenture.

"Supplemental Master Indenture" means an indenture amending or supplementing the Master Indenture entered into pursuant to the provisions of the Master Indenture summarized under the captions "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS" and "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS OF THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS."

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect including any disregarded entity treated as such an organization.

"Testing Date" means each June 30 and December 31 of each Fiscal Year.

"United States Government Obligations" means non-callable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America.

"Unrestricted Contributions" means Contributions, including any payment received from an Affiliate of an Obligated Group Member, which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

"Westminster Village" means Westminster Village, Inc., a limited liability company duly organized and existing and in good standing under the laws of the State of Illinois.

"Written Request" means, with reference to a Related Issuer, a request in writing signed by the Chairman, Vice-Chairman, Mayor, Clerk, President, Vice President, Executive Director, Associate Executive Director, Secretary or Assistant Secretary of the Related Issuer and with reference to the Obligated Group Representative or any Member means a request in writing signed by the President, Vice President or Treasurer of such Person, or any other officers designated by the Related Issuer or such Person, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

The Master Indenture contains various covenants, security provisions, terms and conditions, certain of which are summarized below. Reference is made to the Master Indenture for a full and complete statement of its provisions.

INTERPRETATION OF ACCOUNTING TERMS

Unless otherwise defined or specified in the Master Indenture, all accounting terms used in the Master Indenture shall be interpreted, all accounting determinations under the Master Indenture shall be made, all financial statements required to be delivered under the Master Indenture shall be prepared, and all financial records shall be maintained, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for such changes approved by the Obligated Group's independent public accountants) with the audited financial statements delivered as required under the Master Indenture at the time in effect; *provided, however,* that if there is any change in GAAP which results in a material change in the method of making any calculation required by the Master Indenture, including without limitation, in the Master Indenture, and, as a result of such change in GAAP, the Obligated Group Representative notifies the Master Trustee that the Obligated Group wishes to amend any covenant to eliminate the effect of any such change in GAAP on the operation of such covenant, then the Obligated Group and the Master Trustee shall amend the Master Indenture so as to equitably reflect such change, with the desired

result that the criteria for making such calculation under the Master Indenture shall be the same after the change in GAAP as if such change in GAAP had not been made and, until such notice is withdrawn or such covenant is amended in a manner satisfactory to the Obligated Group Representative, the Obligated Group's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change became effective. Such notice shall be given to the Master Trustee, in writing, by the Obligated Group Representative in any Fiscal Year after the effective date of such changes to GAAP but shall be made no later than the date on which calculations required by the Master Indenture are provided to the Master Trustee. The provisions of the Master Indenture summarized in subparagraph (n) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS" permits amendments to the Master Indenture to reflect the provisions of the Master Indenture summarized in this paragraph.

PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST

Each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture summarized below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below), jointly and severally covenants that it will promptly pay the principal of, premium, if any, and interest on every Obligation issued under the Master Indenture at the place, on the dates and in the manner provided therein and in said Obligations according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the Obligations set forth in the Master Indenture or in the Obligations, each Member unconditionally and irrevocably (subject to the right of such Member to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of the Master Indenture summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below), jointly and severally agrees to make payments upon each Obligation and be liable therefor at the times and in the amounts (including principal, interest and premium, if any) equal to the amounts to be paid as interest, principal at maturity or by mandatory sinking fund redemption, or premium, if any, upon any Related Bonds from time to time outstanding.

COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST

Each Member covenants in the Master Indenture to:

(a) Except as otherwise expressly provided in the Master Indenture (i) preserve its corporate or other separate legal existence, (ii) preserve all its rights and licenses to the extent material and necessary in the operation of its business and affairs and (iii) be qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification; *provided, however,* that nothing in the Master Indenture contained shall be construed to obligate such Member to retain, preserve or keep in effect the rights, licenses or qualifications no longer used or, in the judgment of such Member, useful in the conduct of its business.

(b) With respect to any Member which is, on the date it becomes a Member, a not for profit corporation, maintain its status as a not for profit corporation throughout the term of the Master Indenture unless (1) the Governing Body determines that such status is not necessary or useful, and (2) prior to the cessation of such status there is delivered to the Master Trustee (x) an Opinion of Bond Counsel to the effect that such change in status will not have an adverse effect on the exemption of interest on any Related Bond from federal income taxation to which such Bond is otherwise entitled or the validity or enforceability of any Related Bond, and (y) an opinion of Independent Counsel acceptable to the Master Trustee to the effect that registration of the Obligations under the Securities Act of 1933, as amended, is not required or that such Obligations have been so registered.

(c) At all times use its Facilities only in furtherance of its lawful corporate purposes and cause its business to be carried on and conducted and its Property and each part thereof to be maintained, preserved and kept in good repair, working order and condition and make all necessary and proper repairs (interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen), renewals and replacements thereof so that its operations and business shall at all times be conducted in an efficient, proper and advantageous manner; *provided, however,* that nothing in the Master Indenture contained shall be construed (i) to prevent it from ceasing to operate any portion of its Property, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary course of

business, by a determination by an Authorized Officer or its Governing Body) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of an Authorized Officer or its Governing Body, useful in the conduct of its business.

(d) Pay or cause to be paid: (i) all taxes, levies, assessments and charges on account of the use, occupancy or operation of its Property, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric, light, power or other utility charges assessed or charged on or against its Property or on account of its use or occupancy thereof or the activities conducted thereon or therein; and (ii) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the term of the Master Indenture upon all or any part of its Property, or its interest or the interest of any Related Issuer or either of them in and to its Property, or upon its interest or the interest of any Related Issuer or the interest of either of them in the Master Indenture or the amounts payable thereunder or under the Obligations. If under applicable law any such tax, levy, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, any Member may exercise such option.

(e) Not create or permit to be created or remain, Liens on its Property and, at its cost and expense, promptly discharge or terminate all Liens on its Property or any part thereof, in each case, which are not Permitted Encumbrances.

(f) At its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to it or any of its affairs, business, operations and Property, any part thereof, any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining any of its Property or any part thereof or to the use or manner of use, occupancy or condition of any of its Property or any part thereof.

(g) Promptly pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable which if not so paid, satisfied or discharged would constitute a default or an event of default under subsection (d) of the provisions of the Master Indenture summarized below under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – EVENTS OF DEFAULT."

(h) At all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(i) Procure and maintain all material and necessary licenses and permits and use its best efforts to maintain the status of its health care Facilities (other than those not currently having such status or not having such status on the date a Person becomes a Member under the Master Indenture) as providers of health care services eligible for payment under those third-party payment programs which such Member determines are appropriate.

(j) In the case of each Member which is a Tax-Exempt Organization at the time it becomes a Member, so long as the Master Indenture shall remain in force and effect and so long as all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or provision for such payment has not been made, to take no action or suffer any action to be taken by others which would result in the alteration or loss of its status as a Tax-Exempt Organization, which could result in any such Related Bond being declared invalid or result in the interest on any Related Bond, which is otherwise exempt from federal or state income taxation, becoming subject to such taxation.

(k) Operate all of its Facilities so as not to discriminate on a legally impermissible basis.

(l) In the case of each Member which is a Tax-Exempt Organization, not distribute any of its revenues, income or profits, whether realized or unrealized, to any of its members, directors or officers or allow the same to inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of such Member, as the case may be; *provided, further,* that no such distribution

shall be made which is not permitted by the legislation pursuant to which such Member is governed or which would result in the loss or alteration of its status as a Tax-Exempt Organization.

The foregoing notwithstanding, any Member may (i) cease to be a not for profit corporation, (ii) take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization or (iii) distribute its revenues, income or profits to any of its members, directors or officers or allow the same to inure to the benefit of a private person, association or Person if (1) prior thereto there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that such actions would not adversely affect the validity of any Related Bond, the exemption from federal or state income taxation of interest payable on any Related Bond otherwise entitled to such exemption or adversely affect the enforceability in accordance with its terms of the Master Indenture against any Member and (2) after such action the Obligated Group could meet the conditions described in subsection (A) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" for the incurrence of one dollar of additional Funded Indebtedness.

For the purposes of the provisions of the Master Indenture summarized under this caption (other than subparagraph (e) hereof), the terms Property and Facilities shall be deemed to include Excluded Property.

No Member shall be required to pay any tax, levy, charge, fee, rate, assessment or imposition referred to above, to remove any Lien required to be removed by the provisions summarized under this caption, pay or otherwise satisfy and discharge its obligations, Indebtedness (other than Indebtedness evidenced by Obligations), demands and claims against it or to comply with any Lien, law, ordinance, rule, order, decree, decision, regulation or requirement referred to under this caption, so long as such Member shall contest, in good faith and at its cost and expense, in its own name and behalf, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien so contested, and the sale, forfeiture, or loss of its Property or any part thereof, *provided,* that no such contest shall subject any Related Issuer, any Obligation Holder or the Master Trustee to the risk of any liability. While any such matters are pending, such Member shall not be required to pay, remove or cause to be discharged the tax, levy, charge, fee, rate, assessment, imposition, obligation, Indebtedness, demand, claim or Lien being contested, unless such Member agrees to settle such contest and payments under such settlement agreement are deemed to be due and payable. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of such Member engaging in such a contest to settle such contest), and in any event the Member will save all Related Issuers, all Related Bond Trustees, all Obligation Holders and the Master Trustee harmless from and against all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith. The Member engaging in such a contest shall give the Master Trustee prompt written notice of any such contest. Each Member waives, to the extent permitted by law, any right which it may have to contest (i) any Obligation issued for the benefit of another Member or (ii) any Obligation issued to secure or in connection with Related Bonds.

If the Master Trustee shall notify such Member that, in the opinion of Independent Counsel, by nonpayment of any of the foregoing items the Property of such Member or any substantial part thereof will be subject to imminent loss or forfeiture, then such Member shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

INSURANCE

Each Member shall maintain, or cause to be maintained at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of Persons engaged in the same or similar activities and similarly situated. For purposes of the provisions of the Master Indenture summarized under this caption, the term Property shall be deemed to include Excluded Property. The Obligated Group Representative shall annually review the insurance each Member maintains to determine whether such insurance is customary. In addition, the Obligated Group Representative shall cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee within 120 days of the end of each Fiscal Year which certificate indicates that the insurance then being maintained by the Members is customary in the case of Persons engaged in the same or similar activities and similarly situated. The Obligated Group Representative shall cause copies of the certificates of the Insurance Consultant or Insurance Consultants, as the case may be, to be delivered promptly to the Master Trustee. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine(s) that such self-insurance meets the standards set forth in

the first sentence of this paragraph and is reasonable under the circumstances; *provided, however,* that no Member of the Obligated Group shall self-insure any of its Property, Plant and Equipment.

RATES AND CHARGES

Each Member covenants and agrees to operate all of its Facilities on a revenue-producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it pursuant to the Master Indenture to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of the Master Indenture summarized under this caption.

The Members covenant and agree that the Obligated Group Representative will calculate the Historical Debt Service Coverage Ratio of the Obligated Group for each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, and to deliver a copy of such calculation to the Required Information Recipients in connection with the delivery of the reports required by subparagraph (d) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 for such year, the Master Trustee shall require the Obligated Group, at the Obligated Group's expense, to select a Consultant within 30 days following the calculation described in the preceding paragraph to make recommendations with respect to the rates, fees and charges of the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 for the following Fiscal Year. The Consultant selected as required by the provisions of the Master Indenture summarized under this caption shall be approved and retained as set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS."

A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days of retaining the Consultant and a summary of such Consultant's report shall be provided to each Required Information Recipient. Each Member shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of such Member) and permitted by law. The provisions of the Master Indenture summarized under this caption shall not be construed to prohibit any Member from serving indigent patients or residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of patients or residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements described under this caption.

The foregoing provisions notwithstanding, if the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1, the Master Trustee shall not be obligated to require the Obligated Group to retain a Consultant to make such recommendations if: (a) there is filed with the Master Trustee (who shall provide a summary to each Required Information Recipient) a written report addressed to them of a Consultant (which Consultant and report, including without limitation the scope, form, substance and other aspects of such report, are not objected to by the Master Trustee or each holder of the Bank Obligations so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture) which contains an opinion of such Consultant that applicable laws or regulations have prevented the Obligated Group from generating Income Available for Debt Service during such Fiscal Year sufficient to meet the requirements of the provisions of the Master Indenture summarized under this caption, and, if requested by the Master Trustee, such report is accompanied by a concurring opinion of Independent Counsel (which Counsel and opinion, including without limitation the scope, form, substance and other aspects thereof, are not objected to by the Master Trustee or each holder of the Bank Obligations so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture) as to any conclusions of law supporting the opinion of such Consultant; (b) the report of such Consultant indicates that the rates charged by the Obligated Group are such that, in the opinion of the Consultant, the Obligated Group has generated the maximum amount of Revenues reasonably practicable given such laws or regulations; and (c) the Historical Debt Service Coverage Ratio of the Obligated Group for such Fiscal Year was at least 1.00:1. The Obligated Group shall not be required to cause the Consultant's report referred to in the preceding sentence to be prepared more frequently than once every two Fiscal Years if at the end of the first of such two Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Related Bond Trustee) an opinion of Independent Counsel (which Counsel and opinion, including without limitation the scope, form,

substance and other aspects thereof, are not objected to by the Master Trustee or each holder of the Bank Obligations so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Except as provided in the next paragraph, if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.20:1 for any Fiscal Year, such failure shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

If the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any Fiscal Year, such failure shall constitute an event of default under the Master Indenture unless the Obligated Group has not less than 225 Days Cash on Hand as of the end of such Fiscal Year in which case no event of default shall be deemed to have occurred; provided, however, that if the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of at least 1.00:1 for any two consecutive Fiscal Years, such failure shall constitute an event of default under the Master Indenture.

Notwithstanding any other provisions of the Master Indenture, in the event that any Member of the Obligated Group incurs any Additional Indebtedness for any Capital Addition pursuant to any other provision of the Master Indenture, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with the provisions of the Master Indenture summarized under this caption, until the first full Fiscal Year following the later of (i) the estimated completion of the acquisition, construction, renovation or replacement project being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such project set forth in the Consultant's report described in (A) below, or (ii) the first full year in which Stable Occupancy is achieved in the case of construction, renovation or replacement of elderly housing facilities or nursing facilities financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the sixth full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the sixth full Fiscal Year after the incurrence of such Additional Indebtedness, (each, a *"Capital Addition Start-Up Period"*) if the following conditions are met:

(A) there is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for each of the first two full Fiscal Years following the later of (I) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (II) the first full Fiscal Year following the year in which Stable Occupancy is achieved for the Capital Addition being financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected to occur no later than during the fourth full Fiscal Year following the incurrence of such Additional Indebtedness, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; *provided, however,* that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that state or Federal laws or regulations or administrative interpretations of such laws or regulations then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio which, in the opinion of the Consultant, is then permitted by such laws or regulations but in no event less than 1.00:1; *provided, however,* that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this subparagraph (A); and

(B) the interest on such Additional Indebtedness and any projected start-up losses during the applicable Capital Addition Start-Up Period must be funded from the proceeds of such Additional Indebtedness or other moneys designated by the Obligated Group, and such proceeds or other moneys must continue to be available for such purposes at all times during the applicable Capital Addition Start-Up Period. Further, no principal of such Additional Indebtedness shall be payable during the applicable Capital Addition Start-Up Period, other than principal that may become due as the result of the collection of Initial Entrance Fees during such period.

Each Member agrees to notify the Master Trustee immediately in the case of the destruction of its Facilities or any portion thereof as a result of fire or other casualty, or any damage to such Facilities or portion thereof as a result of fire or other casualty, the Net Proceeds of which are estimated to exceed the greater of (i) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000 plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of December 1, 2018. Each Member irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds relating to such damage or destruction. Such Net Proceeds shall be initially paid to the Master Trustee for disbursement or use as provided by the Master Indenture. If such Net Proceeds do not exceed the greater of (i) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000, plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of December 1, 2018, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months after receipt thereof to (i) repair, replace or restore the damaged or destroyed facilities, (ii) acquire or construct additional capital assets for any one or more Members, or (iii) prepay Obligations or repay the principal portion of any Indebtedness incurred by any one or more Members of the Obligated Group to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the greater of (i) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000, the Member suffering such casualty or loss shall within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Master Trustee one of the following three options:

(a) *Option A–Repair and Restoration*. Such Member may elect to replace, repair, reconstruct, restore or improve any of the Facilities of the Obligated Group or acquire additional Facilities for the Obligated Group or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event an amount equal to the Net Proceeds of any insurance relating thereto shall be deposited, when received, with the Master Trustee and such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve Facilities of the Obligated Group or to acquire additional Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Master Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration, improvement or acquisition or to the repayment of such Indebtedness. So long as the Members are not in default under the Master Indenture, any Net Proceeds of insurance relating to such damage or destruction received by the Master Trustee shall be released from time to time by the Master Trustee to such Member upon the receipt by the Master Trustee of:

(1) the Written Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration, improvement or acquisition and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

(2) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request by an Independent Architect.

It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) *Option B–Prepayment of Obligations*. Subject to the obligations of the Members summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST," such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Obligations. In such event such Member shall, in its notice

of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations in accordance with the provisions of the Mater Indenture.

(c) *Option C–Partial Restoration and Partial Prepayment of Obligations*. Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay Obligations, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) above and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) above.

CONDEMNATION

The Master Trustee shall cooperate fully with the Members in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. Each Member irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an *"award"*). Such Net Proceeds shall be initially paid to the Master Trustee for disbursement or use as provided in the Master Indenture. If such Net Proceeds do not exceed the greater of (i) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000 plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of December 1, 2018, such Net Proceeds may be paid to the Member in question. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months of the receipt thereof to (i) restore, replace or repair the condemned Facilities, (ii) acquire or construct additional capital assets, or (iii) prepay Obligations or repay the principal portion of Indebtedness incurred by one or more Members of the Obligated Group to acquire or construct capital assets or to refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the greater of (i) 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (ii) $1,000,000 plus an amount equal to $1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of December 1, 2018, the Member in question shall within 12 months after the date on which the Net Proceeds are finally determined elect by written notice of such election to the Master Trustee one of the following three options:

(a) *Option A–Repairs and Improvements*. The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as the Obligated Group is not in default under the Master Indenture, such Member shall have the right to receive such Net Proceeds from the Master Trustee from time to time upon the receipt by the Master Trustee of:

(1) the Written Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such restoration, replacement, repairs, improvements and acquisitions and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(2) if such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Written Request by an Independent Architect.

(b) *Option B–Prepayment of Obligations*. Subject to the obligation of such Member summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST," such Member may elect to have such Net Proceeds of the award applied to the prepayment

of the Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Obligations in accordance with the provisions of the Master Indenture.

(c) *Option C–Partial Restoration and Partial Prepayment of Obligations*. Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of Obligations, in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) above and such Net Proceeds to be used for prepayment of the Obligations shall be applied as set forth in subparagraph (b) above.

OTHER PROVISIONS WITH RESPECT TO NET PROCEEDS

Amounts received by the Master Trustee in respect of any awards shall, at the Written Request of the Obligated Group Representative, be deposited with the Master Trustee in a special trust account and be invested or reinvested by the Master Trustee as directed in writing by the Obligated Group Representative in Permitted Investments subject to any Member's right to receive the same pursuant to the provisions of the Master Indenture summarized under "DAMAGE OR DESTRUCTION" or "CONDEMNATION" above. If any Member elects to proceed under clause (a) or (b) under "DAMAGE OR DESTRUCTION" or "CONDEMNATION" above, any amounts in respect of such Net Proceeds not so paid to such Member shall be used to prepay Obligations. Notwithstanding anything in the Master Indenture to the contrary, any moneys on deposit with the Master Trustee shall be invested in accordance with, and subject to the terms of, the Tax Exemption Agreement to the extent applicable.

FINANCIAL STATEMENTS AND RELATED MATTERS

(a) The Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with generally accepted principles of accounting consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that generally accepted accounting principles would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements prepared in accordance with generally accepted accounting principles which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of the Master Indenture summarized under this caption so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Master Trustee with the audited financial statements; (ii) such supplemental information has been subjected to the consolidated auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes of the Master Indenture or for any agreement, document or certificate executed and delivered in connection with or pursuant to the Master Indenture.

(b) The Obligated Group Representative will furnish or cause to be furnished to the Master Trustee, each of the holders of the Bank Obligations so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture, each Related Bond Trustee, EMMA and the Authority (provided, however, that the Authority will be provided only the items set forth in subparagraph (i) and (ii) below unless the Authority requests other information being provided in accordance with the provisions of the Master Indenture described under this caption) (collectively, *"Required Information Recipients"*), the following:

(i) Within 45 days of the end of the first three Fiscal Quarters of each Fiscal Year and within 60 days of the end of the fourth Fiscal Quarter (which may be subject to final year-end adjustments) commencing with the Fiscal Quarter ending December 31, 2018, quarterly unaudited financial statements of the Obligated Group which, if applicable, shall include combined or consolidated statement of financial position, statement of activities, statement of functional expenses and statement of cash flows for such period and shall designate Initial Entrance Fees, and, which, in each case, shall include a combining or consolidating statement of financial position, statement of activities, statement of functional expenses and statement of cash flows as of the end of such Fiscal Quarter and comparisons (on a fiscal year to date basis) to the annual operating budget of the Obligated Group provided pursuant to subsection (v) below.

(ii) Within 45 days after the end of the first three Fiscal Quarters of each Fiscal Year, and within 60 days of the end of the fourth Fiscal Quarter (which information may be subject to final year-end adjustments) commencing December 31, 2018, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) a calculation of Days Cash on Hand as of the last day of such Fiscal Quarter and the Historical Debt Service Coverage Ratio of the Obligated Group on a rolling twelve month basis, (C) information with respect to the payor mix for the Obligated Group's licensed nursing beds and (D) occupancy levels of all of the Facilities operated by the Obligated Group by level of care as of the end of each such Fiscal Quarter; all prepared in reasonable detail and certified, subject to year-end adjustment by an officer of the Obligated Group Representative.

(iii) If the Historical Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20:1 or the Days Cash on Hand is less than the Liquidity Requirement for any Testing Date as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT" below, the Obligated Group will deliver the financial information described in paragraph (i) above together with the calculations described in (ii) above, on a monthly basis, with the Historical Debt Service Coverage Ratio calculated on a rolling twelve-month basis each month and the Days Cash on Hand as of the end of each month, within 45 days of the end of each month until the Historical Debt Service Coverage Ratio of the Obligated Group is at least 1.20:1 and the Days Cash on Hand is at least equal to the Liquidity Requirement.

(iv) Within 150 days of the end of each Fiscal Year commencing with the Fiscal Year ended June 30, 2019, an annual audited financial report for the Obligated Group prepared by a firm of certified public accountants, including a statement of financial position, statement of activities, statement of functional expenses and statement of cash flows with, if applicable, an unaudited combining or consolidating financial position, statement of activities, statement of functional expenses, and statement of cash flows as of the end of such Fiscal Year and showing for each Fiscal Year in comparative form, the financial figures for the preceding Fiscal Year.

(v) On or before the date of delivery of the financial reports referred to in subsection (iv) above, commencing with the Fiscal Year ending June 30, 2019, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or if not, specifying all such defaults and the nature thereof, (B) calculating and certifying the Days Cash on Hand and Historical Debt Service Coverage Ratio as of the end of such Fiscal Year, as appropriate, and (C) an executive summary of any actuarial reports received by the Obligated Group during the preceding Fiscal Year, if any.

(vi) Within 45 days of the end of each Fiscal Year, the Obligated Group Representative shall deliver a summary of the operating and capital budgets for the Fiscal Year then started.

(vii) Copies of (A) any board approved revisions to the annual budget provided pursuant to subsection (vi) above, or (B) any correspondence to or from the Internal Revenue Service questioning or contesting the status of a Member as a Tax-Exempt Organization or with respect to the tax-exempt status of any Related Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, promptly upon receipt.

(c) The Obligated Group Representative shall furnish or cause to be furnished to the Master Trustee, any Related Bond Trustee, any holder of the Bank Obligations (so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture) or any requesting holder of any of the other Obligations, such additional information as the holders of a majority in aggregate principal amount of the Obligations (other than holders of the Bank Obligations), any holder of the Bank Obligations (so long as its respective Bank Obligation is an Outstanding Obligation under the Master Indenture), the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member including, but not limited to, all pertinent books, documents and vouchers relating to the business, affairs and Property (other than resident, patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee.

(d) The Members also agree that, within 10 days after its receipt thereof, the Obligated Group Representative will file with each Required Information Recipient a copy of each Consultant's report (or a summary

thereof as required by the Master Indenture) or counsel's opinion required to be prepared under the terms of the Master Indenture; *provided* that the Obligated Group Representative may redact any such copy provided to EMMA to the extent appropriate or necessary to protect confidential or sensitive information.

(e) The Obligated Group Representative shall give prompt written notice of a change of accountants by the Obligated Group to each Required Information Recipient. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as such Required Information Recipient may reasonably request.

(f) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and independent accountants, all at such reasonable times and locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(g) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the *"Interim Period"*) of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by a firm of independent certified public accountants selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a consolidated and unaudited consolidating balance sheet as of the end of such Interim Period and a consolidated and unaudited consolidating statement of changes in fund balances and changes in financial position for such Interim Period and a consolidated and unaudited consolidating statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate Officer's Certificate containing a calculation of the Obligated Group's Historical Debt Service Coverage Ratio for the Interim Period.

PERMITTED ADDITIONAL INDEBTEDNESS

Subject to the last paragraph summarized under this caption, so long as any Obligations are Outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Obligations) other than:

(A) Funded Indebtedness, if prior to incurrence thereof or, if such Funded Indebtedness was incurred in accordance with another subsection set forth below and any Member wishes to have such Indebtedness classified as having been issued under this subsection (A), prior to such classification, there is delivered to the Master Trustee:

(i) An Officer's Certificate stating that the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year preceding the date of delivery of the report for which combined Financial Statements reported upon by independent certified public accountants are available was not less than 1.20:1; or

(ii) (a) An Officer's Certificate stating that the Historical Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year preceding the date of delivery of the report for which combined Financial Statements reported upon by independent certified public accountants are available was not less than 1.20:1; and (b) a written Consultant's report prepared in accordance with industry standards to the effect that the Projected Debt Service Coverage Ratio of the Obligated Group is not less than 1.25:1 for the next succeeding Fiscal Year following the later of (I) the estimated completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such Additional Indebtedness or (II) the first full Fiscal Year following Stable Occupancy in the case of construction, renovation or replacement of elderly housing facilities being financed with the proceeds of such Additional Indebtedness, which Stable Occupancy shall be projected to occur no later than during the fourth full Fiscal Year following

the incurrence of such Additional Indebtedness or (III) the Fiscal Year in which such Funded Indebtedness for other purposes is being incurred; *provided* that such report shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group's proposed and existing Facilities and the debt service on the Obligated Group's other existing Indebtedness during such Fiscal Year.

(B) Completion Funded Indebtedness if there is delivered to the Master Trustee: (i) an Officer's Certificate of the Member for whose benefit such Indebtedness is being issued stating that at the time the original Funded Indebtedness for the Facilities to be completed was incurred, such Member had reason to believe that the proceeds of such Funded Indebtedness together with other moneys then expected to be available would provide sufficient moneys for the completion of such Facilities, (ii) a statement of an Independent Architect or other Consultant setting forth the amount estimated to be needed to complete the Facilities, and (iii) an Officer's Certificate of such Member stating that the proceeds of such Completion Funded Indebtedness to be applied to the completion of the Facilities, together with a reasonable estimate of investment income to be earned on such proceeds and available to pay such costs, the amount of moneys, if any, committed to such completion from available cash or marketable securities and reasonably estimated earnings thereon, enumerated loans from Affiliates or bank loans (including letters or lines of credit) and federal or state grants reasonably expected to be available, will be in an amount not less than the amount set forth in the statement of an Independent Architect or other Consultant, as the case may be, referred to in (ii), which amount shall be no more than 10% of Funded Indebtedness originally incurred to finance the construction of such Facilities.

(C) Funded Indebtedness for the purpose of refunding (whether in advance or otherwise, including without limitation refunding through the issuance of Cross-over Refunding Indebtedness) any outstanding Funded Indebtedness if prior to the incurrence thereof an Officer's Certificate of a Member is delivered to the Master Trustee stating that, taking into account the issuance of the proposed Funded Indebtedness and the application of the proceeds thereof and any other funds available to be applied to such refunding, the Maximum Annual Debt Service Requirement of the Obligated Group will not be increased by more than 10%.

(D) Short-Term Indebtedness (other than accounts payable under subsection (I) below), in a total principal amount which at the time incurred does not, together with the principal amount of all other such Short-Term Indebtedness of the Obligated Group then outstanding under the provisions of the Master Indenture summarized in this subsection (D) but excluding the principal payable on all Funded Indebtedness during the next succeeding 12 months and also excluding such principal to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increments to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal, exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported upon by independent certified public accountants are available; *provided, however,* that for a period of 20 consecutive calendar days in each Fiscal Year the total amount of such Short-Term Indebtedness of the Obligated Group outstanding under the provisions of the Master Indenture summarized in this subsection (D) shall be not more than 5% of the Revenues of the Obligated Group during the preceding Fiscal Year plus such additional amount as the Obligated Group Representative certifies in an Officer's Certificate is (a) attributable to Short-Term Indebtedness incurred to offset a temporary delay in the receipt of funds due from third party payors and (b) in the minimum amount reasonably practicable taking into account such delay. For the purposes of this subsection, Short-Term Indebtedness shall not include overdrafts to banks to the extent there are immediately available funds of the Obligated Group sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business.

(E) Balloon Indebtedness if:

(i) the conditions set forth in subsection (A) above are met for any Fiscal Year in which 25% or more of the original principal amount of such Balloon Indebtedness comes due when it is assumed that (a) the portion of Balloon Indebtedness coming due in such Fiscal Year matures over 30 years from the date of issuance of the Balloon Indebtedness, bears interest on the unpaid balance at the Projected Rate and is payable on a level annual debt service basis over a period of no more than 30 years or (b) the portion of Balloon Indebtedness coming due in such

Fiscal Year matures according to its actual principal amortization schedule and bears interest on the unpaid balance at the Projected Rate, but this subsection (b) shall only be used if the amortization of all Indebtedness of the Obligated Group outstanding, when the Balloon Indebtedness debt service being calculated is calculated according to this subsection (b) varies no more than 10% per year or (c) the portion of Balloon Indebtedness coming due in such Fiscal Year bears interest at the Projected Rate and matures according to the principal amortization schedule set forth in a binding commitment (including without limitation letters or lines of credit or insurance) which may be subject only to commercially reasonable contingencies by a financial institution or bond insurer or surety generally regarded as responsible, to provide financing sufficient to pay the principal amount of such Balloon Indebtedness coming due; or

(ii) the aggregate principal amount of all Balloon Indebtedness issued pursuant to this subsection (E) does not exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported upon by independent certified public accountants are available; or

(iii) the Balloon Indebtedness to be incurred has a remaining term of five years or greater beginning in such fiscal year, and

(1) the Member incurring such Balloon Indebtedness establishes in an Officer's Certificate filed with the Master Trustee an amortization schedule for such Balloon Indebtedness, which amortization schedule shall provide for payments of principal and interest for each Fiscal Year that are not less than the amounts required to make any actual payments required to be made in such Fiscal Year by the terms of such Balloon Indebtedness;

(2) such Member agrees in such Officer's Certificate to deposit each Fiscal Year with a bank or trust company (pursuant to an agreement between such Member and such bank or trust company) the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Balloon Indebtedness during such Fiscal Year (other than from amounts on deposit with such bank or trust company) which deposit shall be made prior to any such required actual payment during such Fiscal Year if the amounts so on deposit are intended to be the source of such actual payments; and

(3) the conditions described in subsection (A) above are met with respect to such Balloon Indebtedness when it is assumed that such Balloon Indebtedness is actually payable in accordance with such amortization schedule.

(F) Put Indebtedness if:

(i) the conditions set forth in subsection (A) are met for any Fiscal Year in which 25% or more of the original principal amount of such Put Indebtedness may come due when it is assumed that (a) the portion of Put Indebtedness which may come due in such Fiscal Year matures over 30 years from the date of issuance of the Put Indebtedness, bears interest on the unpaid balance at the Projected Rate and is payable on a level annual debt service basis over a period of no more than 30 years or (b) the portion of Put Indebtedness which may come due in such Fiscal Year matures according to its actual principal amortization schedule and bears interest on the unpaid balance at the Projected Rate, but this subsection (b) shall only be used if the amortization of all Indebtedness of the Obligated Group outstanding, when the Put Indebtedness debt service being calculated is calculated according to this subsection (b), varies no more than 10% per year or (c) such Put Indebtedness bears interest at the Projected Rate and is payable according to the principal amortization schedule set forth in a binding commitment of the type described in subparagraph (E)(i) above; or

(iii) the aggregate principal amount of all Put Indebtedness issued pursuant to this subsection (F) does not exceed 10% of the Revenues of the Obligated Group for the most recent Fiscal Year for which Financial Statements reported on by independent certified public accountants are available.

(G) Liabilities for contributions to self-insurance or shared or pooled-risk insurance programs required or permitted to be maintained under the Master Indenture.

(H) Indebtedness consisting of accounts payable incurred in the ordinary course of business or other Indebtedness not incurred or assumed primarily to assure the repayment of money borrowed or credit extended which Indebtedness is incurred in the ordinary course of business, including but not limited to deferred obligations for the refund or repayment of Entrance Fees.

(I) Indebtedness incurred in connection with a sale or pledge of accounts receivable with or without recourse by any Member consisting of an obligation to repurchase all or a portion of such accounts receivable upon certain conditions, *provided* that the principal amount of such Indebtedness permitted by the Master Indenture shall not exceed the aggregate sale price of such accounts receivable received by such Member.

(J) Non-Recourse Indebtedness, without limit.

(K) Extendable Indebtedness if the conditions set forth in subsection (A) above are met when it is assumed that (i) such Indebtedness bears interest at the Projected Rate and is amortized on a level debt service basis over a term equal to the remaining term of the Extendable Indebtedness or (ii) such Indebtedness bears interest at the Projected Rate and is payable in accordance with its actual amortization schedule, but only if the debt service on all Indebtedness of the Obligated Group Outstanding when the Extendable Indebtedness debt service being calculated is calculated in accordance with this subsection (ii), varies by no more than 10% per year.

(L) Subordinated Indebtedness, without limit.

(M) Commitment Indebtedness, without limit.

(N) Indebtedness the principal amount of which at the time incurred, together with the aggregate principal amount of all other Indebtedness then outstanding which was issued pursuant to the provisions of this subsection (N) and which has not been subsequently reclassified as having been issued under subsection (A), (D), (E) or (F) above, does not exceed 10% of the Revenues of the Obligated Group for the latest preceding Fiscal Year for which financial statements reported upon by independent certified public accountants are available; *provided, however,* that the total amount of all Indebtedness outstanding which was issued pursuant to the provisions of subsections (D), (E)(ii), (F)(iii) and this subsection (N) shall not exceed 15% of the Revenues of the Obligated Group for the most recent Fiscal Year for which financial statements reported on by independent certified public accountants are available.

It is agreed and understood by the parties to the Master Indenture that various types of Indebtedness may be incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness (*e.g.,* Balloon Indebtedness and Put Indebtedness may be incurred under subsection (A) above if the tests therein are satisfied).

Each Member covenants that Indebtedness of the type permitted to be incurred under subparagraph (I) above will not be allowed to become overdue for a period in excess of that which is ordinary for similar institutions without being contested in good faith and by appropriate proceedings.

Each Member covenants that prior to the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2018 Obligations, it will deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection described under this caption pursuant to which such Indebtedness was incurred, certifies compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness; *provided, however,* that this requirement shall not apply to Indebtedness incurred pursuant to subparagraph (G) or (H) above.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than Related Issuers, trade vendors, residents (for transactions in the ordinary course of business), self insurance or pooled risk insurance programs, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an opinion of Independent Counsel not objected to by the Master Trustee to the effect that, to such Independent

Counsel's knowledge, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith) and such Independent Counsel has no reason to believe that a right of rescission under such laws exists on the part of the entities to which such Additional Indebtedness is to be incurred.

The provisions of the Master Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to a mortgage or deed of trust in substantially the form of the Mortgage and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

CALCULATION OF DEBT SERVICE AND DEBT SERVICE COVERAGE

The various calculations of the amount of Indebtedness of a Person, the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness required under certain provisions of the Master Indenture shall be made in a manner consistent with that described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" above and under this caption. In the case of Balloon or Put Indebtedness issued pursuant to subsection (E) or (F) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless such Indebtedness is reclassified pursuant to the provisions summarized under this caption as having been issued pursuant to another subsection under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," the amortization schedule of such Indebtedness and the debt service payable with respect to such Indebtedness for future periods shall be calculated on the assumption that such Indebtedness is being issued simultaneously with such calculation. With respect to Put Indebtedness, if the option of the holder to require that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date, or if the requirement that such Indebtedness be paid, purchased or redeemed prior to its stated maturity date (other than at the option of such holder and other than pursuant to any mandatory sinking fund or any similar fund), has expired or lapsed as of the date of calculation, such Put Indebtedness shall be deemed payable in accordance with its terms.

In determining the amount of debt service payable on Indebtedness in the course of the various calculations required under certain provisions of the Master Indenture, if the terms of the Indebtedness being considered are such that interest thereon for any future period of time is expressed to be calculated at a varying rate per annum, a formula rate or a fixed rate per annum based on a varying index, then for the purpose of making such determination of debt service, interest on such Indebtedness for such period (the *"Determination Period"*) shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average of the rate of interest (calculated in the manner in which the rate of interest for the Determination Period is expressed to be calculated) which was in effect on the last date of each of the twelve full calendar months immediately preceding the month in which such calculation is made; *provided* that if the index or other basis for calculating such interest was not in existence for at least twelve full calendar months next preceding the date of calculation, the rate of interest for such period shall be deemed to be the average rate of interest that was in effect on the last day of each full calendar month next preceding the date of calculation; and if the average rate of interest borne by such Indebtedness for such shorter period cannot be calculated, the rate of interest for such period shall be deemed to be the Projected Rate. No debt service shall be deemed payable upon the exercise by a holder of Extendable Indebtedness of the option to tender such Indebtedness for payment.

Obligations issued to secure Indebtedness permitted to be incurred under the provisions of the Master Indenture summarized above under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" shall not be treated as Additional Indebtedness in a manner which would require such Indebtedness to be included more than one time in the calculations performed under the Master Indenture.

No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal. In addition, no Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to

Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

Balloon Indebtedness incurred as provided under subparagraph (B) or (N) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless reclassified pursuant to the provisions summarized under this caption, shall be deemed to be payable in accordance with the assumptions set forth in subparagraph (E)(i) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS." Put Indebtedness incurred as provided under subparagraph (B) or (N) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," unless reclassified pursuant to the provisions summarized under this caption, shall be deemed to be payable in accordance with the assumptions set forth in subparagraph (F)(i) of "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS."

For the purpose of determining whether any particular Guaranty may be incurred, it shall be assumed that 100% of the Indebtedness guaranteed is Funded Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor. For any other purpose, a guarantor shall be considered liable only for 20% of the annual debt service requirement on the Indebtedness guaranteed; *provided, however,* if the guarantor has been required by reason of its guaranty to make a payment in respect of such Indebtedness within the immediately preceding 24 months, the guarantor shall be considered liable for 100% of the annual debt service requirement on the Indebtedness guaranteed.

For purposes of the various calculations required under the Master Indenture for Capitalized Leases, the Capitalized Rentals under a Capitalized Lease at the time of such calculation shall be deemed to be the principal payable thereon.

Each Member may elect to have Indebtedness issued pursuant to one provision summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," including without limitation subparagraph (N) under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS," reclassified as having been incurred under another provision under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Projected Rate. From and after such certification, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been certified until any subsequent reclassification of such Indebtedness.

Anything in the Master Indenture to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest Rate Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Interest Rate Agreement; *provided* that the long-term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the three highest rating categories of any Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or is at least as high as that of the Obligated Group. For the purposes of determining the Debt Service Requirements for any future period of time with respect to any Indebtedness subject to an Interest Rate Agreement satisfying the requirements of the preceding sentence (i) if the Member is required to pay a fixed rate of interest under the Interest Rate Agreement, such Indebtedness shall be deemed to bear interest at such fixed rates and (ii) if the Member is required to pay interest at a variable rate under the Interest Rate Agreement, Debt Service Requirements on such Indebtedness shall be calculated in accordance with the second paragraph under this caption. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by a Member on such Interest Rate Agreement shall be excluded from Expenses and any payments received by a Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of the Master Indenture.

SALE, LEASE OR OTHER DISPOSITION OF PROPERTY

Each Member agrees that it will not, in any consecutive 12-month period, sell, lease or otherwise dispose (including without limitation any involuntary disposition) of Property (either real or personal property, including

cash and investments) unless the Obligated Group Representative determines that the Property has been transferred in one or more of the following transfers or other dispositions of Property:

(a) In return for other Property of equal or greater value;

(b) In the ordinary course of business upon fair and reasonable terms;

(c) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of a Member stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;

(d) From a Member to another Member; *provided, however,* that none of the Land or any other Property financed with the proceeds of any Related Bonds shall be transferred to any other Member unless each Related Bond Trustee has received an Opinion of Bond Counsel to the effect that such transfer shall not adversely affect the validity of the Related Bonds or, with respect to any tax-exempt bonds, any exemption from federal income taxation to which such Related Bonds would otherwise be entitled;

(e) Upon fair and reasonable terms no less favorable to the Member than would be obtained in a comparable arm's-length transaction;

(f) The Property sold, leased or otherwise disposed of pursuant to this subparagraph (F) does not for any consecutive 12-month period, exceed 3% of the Book Value or, at the option of the Obligated Group Representative, the Current Value, of the Property, Plant and Equipment of the Obligated Group (as shown on the most recent audited financial statements of the Obligated Group) and (i) the Historical Debt Service Coverage Ratio was not less than 1.30:1 for the last Fiscal Year for which audited financial statements have been delivered to the Master Trustee, and (ii) as of the end of the last fiscal quarter for which financial statements have been delivered to the Master Trustee as required under the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," the Obligated Group had at least 200 Days' Cash on Hand after giving effect to the transaction. If the Historical Debt Service Coverage Ratio is not less than 1.30:1, the foregoing percentage of the total assets may be increased as follows under the following conditions:

(i) to 5%, if Days' Cash on Hand would be at least 300 after the effect of such sale, lease or disposition of assets; or

(ii) to 7.5%, if Days' Cash on Hand would be at least 400 after the effect of such sale, lease or disposition of assets; or

(iii) to 10%, if Days' Cash on Hand would be at least 500 after the effect of such sale, lease or disposition of assets;

(g) To any Person, if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Obligations;

(h) If the amount of such Property sold, leased or otherwise disposed of does not, for any consecutive 12-month period, exceed 1% of the total Book Value (or Current Value if the Obligated Group Representative so elects) of all Property of the Obligated Group; and

(i) The transfer of any restricted donations from a Member to any Affiliate.

If the Property to be disposed in accordance with the provisions of the Master Indenture summarized under this caption is Mortgaged Property, the Master Trustee shall, upon the request of the Obligated Group Representative, release such Mortgaged Property from the Mortgage pursuant to the terms of the Mortgage.

LIENS ON PROPERTY

Notwithstanding the provisions of the Master Indenture described in clause (e) under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – COVENANTS AS TO CORPORATE EXISTENCE, MAINTENANCE OF PROPERTIES, AND SIMILAR MATTERS; RIGHT OF CONTEST" above, a Lien on Property of any Member securing Indebtedness (or any Interest Rate Agreement) shall be classified a Permitted Encumbrance (as provided in clause (b) of the definition thereof) and therefore be permitted if:

(1) such Lien secures Non-Recourse Indebtedness; or

(2) (a) after giving effect to such Lien and all other Liens classified as Permitted Encumbrances under this subsection (2)(a), the Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property of the Obligated Group which is Encumbered is not more than 10% of the value of all of the Property of the Obligated Group (calculated on the same basis as the value of the Encumbered Property) and (b) the conditions described in subsection (A) of the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS" are met for allowing the incurrence of one dollar of additional Funded Indebtedness.

RIGHT TO CONSENT

Each Member shall have the right to agree in any Related Bond Indenture, Related Loan Document or Supplemental Master Indenture pursuant to which an Obligation is issued that, so long as any Related Bonds remain outstanding under such Related Bond Indenture or such Obligation remains outstanding, any or all provisions of the Master Indenture which provide for approval, consent, direction or appointment by the Master Trustee, provide that anything must be satisfactory or acceptable to the Master Trustee, allow the Master Trustee to request anything or contain similar provisions granting discretion to the Master Trustee shall be deemed to also require or allow, as the case may be, the approval, consent, appointment, satisfaction, acceptance, request or like exercise of discretion by the Related Bond Trustee, and that all items required to be delivered or addressed to the Master Trustee under the Master Indenture or under the Mortgage shall also be delivered or addressed to the Related Bond Trustee, unless waived thereby. If a Member enters into any such agreements in a Related Bond Indenture, Related Loan Document or Supplemental Master Indenture, such agreements shall be deemed to be included in the Master Indenture as if set forth in the Master Indenture.

LIQUIDITY COVENANT

The Obligated Group covenants that it will calculate the Days Cash on Hand of the Obligated Group as of June 30 and December 31 of each Fiscal Year (or as of the last day of the second and fourth Fiscal Quarters), commencing June 30, 2019 (each such date being a *"Testing Date"*). Such calculation as of December 31 of any Fiscal Year (or as of the last day of the second Fiscal Quarter) shall be included in an Officer's Certificate delivered to the Master Trustee no later than February 15 of that Fiscal Year (or no later than 45 days after the last day of the second Fiscal Quarter) pursuant to to the provisions of the Master Indenture summarized in subparagraph (b)(ii) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS." Such calculation as of June 30 of any Fiscal Year (or as of the last day of the fourth Fiscal Quarter) shall be included in the Officer's Certificate delivered to the Master Trustee pursuant to subparagraph (b)(v) under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS."

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have at least 180 Days Cash on Hand on each Testing Date (the *"Liquidity Requirement"*).

If the number of Days Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the level of the Days Cash on Hand to the Liquidity Requirement for future periods.

If the Obligated Group has not raised the level of Days Cash on Hand to the Liquidity Requirement by the Testing Date immediately subsequent to the delivery of the Officer's Certificate required in the preceding paragraph, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such

deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the number of Days Cash on Hand to the Liquidity Requirement for future periods. Such Consultant shall be approved and retained as set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS." A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and the Master Trustee within 60 days after the date such Consultant is retained and a summary of the Consultant's report will be delivered to each Required Information Recipient. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Liquidity Requirement for any Testing Date shall not constitute an event of default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for adopting a plan or retaining a Consultant and follows each recommendation contained in such plan or Consultant's report to the extent feasible (as determined in the reasonable judgment of an Authorized Officer or the Governing Body of the Obligated Group Representative) and permitted by law.

APPROVAL OF CONSULTANTS

(a) If at any time the Members of the Obligated Group are required to engage a Consultant under the provisions of the Master Indenture, such Consultant shall be engaged in the manner set forth below.

(b) Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will notify the Master Trustee of such selection. The Master Trustee shall, as soon as practicable but in no case longer than five Business Days after receipt of such notice, notify the holders of all Obligations Outstanding under the Master Indenture of such selection and the Obligated Group Representative will post a copy of such notice (or cause a copy of such notice to be posted) on EMMA. Such notice shall (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and (iii) state that the holder of the Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Obligation Holder submits an objection to the selected Consultant in writing (in a manner not objected to by the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Obligation Holders. No later than two Business Days after the end of the 15 day objection period, the Master Trustee shall notify the Obligated Group of the number of objections. If two thirds or more in aggregate principal amount of the holders of the Outstanding Obligations have consented or have been deemed to have consented to the selection of the Consultant, the Obligated Group Representative may engage the Consultant. If more than one third in aggregate principal amount of the owners of the Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of the provisions of the Master Indenture summarized under this caption.

(c) When the Master Trustee notifies the holders of Obligations of such selection, the Master Trustee will also request any Related Bond Trustee send a notice containing the information required by subparagraph (b) above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of an Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If two thirds or more in aggregate principal amount of the Related Bonds have been deemed to have consented to the selection of the Consultant, the Related Bond Trustee shall approve the Consultant. If one third or more in aggregate principal amount of the owners of the Related Bonds have objected to the Consultant selected, the Related Bond Trustee shall not approve the Consultant.

(d) The 15 day notice period described in (b) above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By acceptance of an Obligation securing any Related Bonds, the Related Bond Trustee agrees to comply with the provisions of the Master Indenture summarized under this caption.

(e) All Consultant reports required under the Master Indenture shall be prepared in accordance with the then effective industry appropriate standards.

(f) If a Consultant is required to be engaged under two or more sections of the Master Indenture, the requirements of those sections may (but need not be) satisfied through the engagement of a single Consultant under

a single engagement in lieu of multiple engagements. Any requirement for a Consultant's report under the Master Indenture may be satisfied by an update of a previous Consultant's Report so long as the update when taken together with the previous report satisfies the requirements of the Master Indenture.

(g) A Consultant's report under one section of the Master Indenture may satisfy a requirement for a Consultant's report under another section of the Master Indenture but only if the nature of the Consultant and the substance of the report are sufficient to satisfy that requirement.

(h) The Obligated Group shall not be required to obtain a Consultant's report that satisfies the requirements of a particular section of the Master Indenture more than one time in any twelve month period.

OBLIGATED GROUP REPRESENTATIVE

Each Member, by becoming a Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative full and exclusive power to, on behalf of such Member: (i) authorize, negotiate and determine and bind such Member to the terms of, and execute and deliver, Supplemental Master Indentures authorizing the issuance of Obligations or series of Obligations; (ii) as applicable, negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate loan agreements, bond indentures, bond purchase agreements, agreements related to credit, liquidity or insurance, disclosures, and all such other agreements and instruments as are reasonably related to entering into and managing the specific transactions represented by such Supplemental Master Indentures and/or Obligations; (iii) negotiate and determine the terms of, approve, execute, deliver, perform, amend, waive provisions of, grant consents related to, extend and terminate certificates and other undertakings as are reasonably necessary or appropriate to enter into and managing the specific transactions represented by such Supplemental Master Indentures and/or Obligations; (iv) manage, oversee, direct, authorize, control, and implement all Outstanding Indebtedness and financial relationships related in any manner to such Indebtedness, including, but not limited to, Interest Rate Agreements, credit support and liquidity facilities, related insurance products and policies, debt management policy setting and determinations such as the mix of fixed and variable debt and similar determinations, allocation, calculations, accounting for, collections from Members, and payment of debt service, discounts, premiums, costs of issuance and other costs and fees related to Indebtedness, including termination, amendment and similar fees; (v) planning, authorization and implementation of conversions, refundings, defeasances and other debt management or modification activities; (vi) approve, execute and amend all waivers, consents or amendments to any document or agreement, directly or indirectly, related to one or more of the Obligations, the Master Indenture and any Supplemental Master Indenture, including but not limited to, any of the types of documents or agreements mentioned in subparagraphs (ii) and (iii) above and this subparagraph (vi); (vii) direction of agents and control, direction and management of third party relationships (such as trustees, issuing authorities, underwriters, advisors and counsel) related to Indebtedness and/or Obligations, (viii) the power and authority to grant additional security, (ix) the power and authority to issue any Additional Indebtedness, and (x) the power and authority to exercise all corporate authority and take any action in connection therewith which may be necessary or appropriate on behalf of the Obligated Group and each Member thereof to implement any recommendation or commitment made by Westminster Village, as Obligated Group Representative and Obligated Group Agent. Authority granted in the provisions of the Master Indenture summarized under this caption shall be and remain irrevocable until and unless any Member is permitted to withdraw from the Obligated Group in accordance with the terms of the Master Indenture.

MERGER, CONSOLIDATION, SALE OR CONVEYANCE

(a) Each Member agrees that it will not merge into, or consolidate with, one or more entities/Persons which are not Members, or allow one or more of such entities/Person to merge into it, or sell or convey all or substantially all of its Property to any Person who is not a Member, unless:

(i) Any successor Person to such Member (including without limitation any purchaser of all or substantially all the Property of such Member) is a Person (other than a natural person) organized and existing under the laws of the United States of America or a state thereof and shall execute and deliver to the Master Trustee an appropriate instrument, containing the agreement of such successor Person to assume, jointly and severally, the due and punctual payment of the principal of, premium, if any, and interest on all Obligations according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Master Indenture and the Mortgage to be kept and performed by such Member;

(ii) Immediately after such merger or consolidation, or such sale or conveyance, no Member would be in default in the performance or observance of any covenant or condition of any Related Loan Document or the Master Indenture;

(iii) Assuming that any Indebtedness of any successor or acquiring Person is Indebtedness of such Member and that the Revenues and Expenses of the Member for such most recent Fiscal Year include the Revenues and Expenses of such other Person (A) immediately after such merger or consolidation, sale or conveyance, the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group is not less than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such merger or consolidation, sale or conveyance and (B) immediately after such merger or consolidation, sale or conveyance, the Days Cash on Hand of the Obligated Group as set forth on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," would be not less than 200 or that such calculation of Days Cash on Hand of the Obligated Group is greater than such calculation would be immediately prior to such merger or consolidation, sale or conveyance;

(iv) if any Related Bonds were rated by a Rating Agency prior to such merger, consolidation or conveyance, a written statement from such Rating Agency that (i) if the credit rating(s) by any Rating Agency is "BBB-" (or its equivalent) or higher, the ratings on such Related Bonds will not be reduced below "BBB-" (or its equivalent) as a result of such merger, consolidation or conveyance or (ii) the credit rating(s) on such Related Bonds will not be reduced or withdrawn as a result of such merger, consolidation or conveyance; and

(v) If all amounts due or to become due on all Related Bonds have not been fully paid to the holders thereof or fully provided for, there shall be delivered to the Master Trustee an Opinion of Bond Counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance would not adversely affect the validity of such Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor Person, such successor Person shall succeed to and be substituted for its predecessor, with the same effect as if it had been named in the Master Indenture as such Member. Each Person that is a successor, assignee, surviving, resulting or transferee of a Member must agree to become, and satisfy the conditions described in the Master Indenture summarized under "ENTRANCE INTO THE OBLIGATED GROUP" below to becoming a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status. Any Person that is a successor to such Member thereupon may cause to be signed and may issue in its own name Obligations under the Master Indenture and the predecessor Person shall be released from its obligations under the Master Indenture and under any Obligations, if such predecessor Person shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor Person. All Obligations so issued by such successor Person pursuant to the Master Indenture shall in all respects have the same legal rank and benefit under the Master Indenture as Obligations theretofore or thereafter issued in accordance with the terms of the Master Indenture as though all of such Obligations had been issued under the Master Indenture by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of the Master Indenture summarized under this caption and that it is proper for the Master Trustee under the provisions of the Master Indenture to join in the execution of any instrument required to be executed and delivered by the Master Indenture.

As of the date of execution of the Master Indenture, Westminster Village is the only Member of the Obligated Group. Any other Person may become a Member of the Obligated Group if:

(a) Such Person shall execute and deliver to the Master Trustee a Supplemental Master Indenture which shall be executed by the Master Trustee and the Obligated Group Representative, containing (i) the agreement of such Person (A) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of the Master Indenture and, (B) unconditionally and irrevocably (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions described under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP" below) to jointly and severally make payments upon each Obligation at the times and in the amounts provided in each such Obligation and (ii) representations and warranties by such Person substantially similar to those set forth in the Master Indenture other than those contained in the Master Indenture relating to tax-exempt status if such Person is not a Tax-Exempt Organization;

(b) The Obligated Group Representative, by appropriate action of its Governing Body, shall have approved the admission of such Person to the Obligated Group;

(c) The Master Trustee shall have received (1) an Officer's Certificate of the Obligated Group Representative which (A) demonstrates that (i) immediately upon such Person becoming a Member of the Obligated Group, the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking the Person becoming a Member into account, for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking the Person becoming a Member into account, is equal to or greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year without such Person becoming a Member of the Obligated Group and (ii) immediately upon such Person becoming a Member of the Obligated Group, taking the Person becoming a Member into account, the Obligated Group would be in compliance with the Liquidity Requirement of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT" based on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS," or that the number of Days Cash on Hand of the Obligated Group, taking the Person becoming a Member into account, is equal to or greater than the number of Days Cash on Hand would be without such Person becoming a Member of the Obligated Group; (B) states that prior to and immediately after such Person becoming a Member of the Obligated Group, no event of default exists under the Master Indenture and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an event of default; and (C) states that prior to and immediately after such Person becoming a Member of the Obligated Group, the Members would not be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture; (2) an opinion of Independent Counsel to the effect that (A) the instrument described in paragraph (a) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity and to the exceptions set forth in the Master Indenture and (B) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status and (3) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the effect that under then existing law the addition of such Person to the Obligated Group, whether or not contemplated on the date of delivery of any such Related Bond, would not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable on such Bond otherwise entitled to such exemption; *provided* that in making the calculation called for by the provisions of the Master Indenture summarized in this paragraph, (i) there shall be excluded from Revenues (a) any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs and (b) any Revenues generated by Property of the new Member which at the time of such Member's entry into the Obligated Group will be categorized as Excluded Property and (ii) there shall be excluded from Expenses (a) any Expenses related to Property of such Person transferred or otherwise

disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs and (b) any Expenses related to Property of the new Member which at the time of such Member's entry into the Obligated Group will be categorized as Excluded Property;

(d) (i) The Master Indenture is amended to include a description of the real property of the Person becoming a Member upon which the primary operations of such Person are conducted and a description of any Permitted Encumbrances of the type described in paragraph (x)(ii) of the definition thereof, (ii) the Master Indenture is amended to include a description of the Property of the Person becoming a Member which is to be considered Excluded Property (*provided* that such Property may be treated as Excluded Property only if such Property is real or tangible personal property and the primary operations of such Person are not conducted upon such real property), and (iii) the Master Indenture is amended to add such Person as a Member; and

(e) if any Related Bonds were rated by a Rating Agency prior to the Person becoming a Member of the Obligated Group, a written statement from such Rating Agency, confirming that (i) if the credit rating(s) by any Rating Agency is "BBB-" (or its equivalent) or higher, the ratings on such Related Bonds will not be reduced below "BBB-" (or its equivalent) as a result of such Person becoming a Member of the Obligated Group or (ii) the credit rating(s) on such Related Bonds will not be reduced or withdrawn as a result of such Person becoming a member of the Obligated Group.

Each Person that is a successor, assignee, surviving, resulting or transferee of a Member must agree to become, and satisfy the above-described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

CESSATION OF STATUS AS A MEMBER OF THE OBLIGATED GROUP

Each Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group unless:

(a) the Member proposing to withdraw from the Obligated Group is not a party to any Related Loan Documents with respect to Related Bonds which remain outstanding;

(b) prior to cessation of such status, there is delivered to the Master Trustee an Opinion of Bond Counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any Related Bond or any exemption from federal or state income taxation of interest payable thereon to which such Bond would otherwise be entitled;

(c) prior to the cessation of such status, there is delivered to the Master Trustee an Officer's Certificate of the Obligated Group Representative to the effect that: (A) (i) immediately after such cessation the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking such cessation into account for the most recent Fiscal Year for which financial statements that have been reported upon by independent certified public accountants are available would be not less than 1.20:1 or that such Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group, taking such cessation into account, is equal to or greater than the Historical Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such cessation and (ii) immediately after such cessation, taking such cessation into account, the Obligated Group would be in compliance with the Liquidity Requirement of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – LIQUIDITY COVENANT" based on the most recent quarterly financial statements delivered to the Master Trustee pursuant to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS" or that the number of Days Cash on Hand of the Obligated Group, taking such cessation into account is greater than the number of Days Cash on Hand would be immediately prior to such cessation; and (B) prior to and immediately after such cessation, no event of default exists under the Master Indenture and no event shall have occurred which with the passage of time or the giving of notice, or both, would become such an event of default;

(d) prior to such cessation there is delivered to the Master Trustee an opinion of Independent Counsel (which Counsel is acceptable to the Master Trustee) to the effect that the cessation by such

Member of its status as a Member will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status;

(e) prior to cessation of such status, each Member consents in writing to the withdrawal by such Member; and

(f) if any Related Bonds were rated by a Rating Agency prior to the Person withdrawing from the Obligated Group, a written statement from such Rating Agency, confirming that (i) if the credit rating(s) by any Rating Agency is "BBB-" (or its equivalent) or higher, the ratings on such Related Bonds will not be reduced below "BBB-" (or its equivalent) as a result of such Person withdrawing from the Obligated Group or (ii) the credit rating(s) on such Related Bonds will not be reduced or withdrawn as a result of such Person withdrawing from the Obligated Group.

Upon such cessation in accordance with the foregoing provisions, (i) the Master Indenture shall be amended to delete therefrom the description of any real property and of any Permitted Encumbrances of the type described in paragraphs (x) and (y) of the definition of Permitted Encumbrances of the Member which has ceased being a Member of the Obligated Group, (ii) the Master Indenture shall be amended to delete therefrom any Property of the Member which has ceased being a Member, (iii) the Master Indenture shall be amended to delete therefrom the name of such Person and (iv) the Master Trustee shall, at the direction of the Obligated Group Representative, release any mortgage held by the Master Trustee upon the Property of such Member which has ceased being a Member of the Obligated Group.

EVENTS OF DEFAULT

Each of the following events is declared an "event of default" under the Master Indenture:

(a) failure of the Obligated Group to pay any installment of interest or principal, or any premium, on any Obligation when the same shall become due and payable, whether at maturity, upon any date fixed for prepayment or by acceleration or otherwise; or

(b) failure of any Member to comply with, observe or perform any of the covenants, conditions, agreements or provisions of the Master Indenture and to remedy such default within 30 days after written notice thereof to such Member and the Obligated Group Representative from the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Notes, *provided* that, if in the judgment of the Master Trustee, such default cannot with due diligence and dispatch be wholly cured so that such failure no longer constitutes an "event of default" under the Master Indenture within 30 days but can be wholly cured, the failure of the Member to remedy such default within such 30-day period shall not constitute a default thereunder if the Member 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; or

(c) any representation or warranty made by any Member in the Master Indenture or in any statement or certificate furnished to the Master Trustee or the purchaser of any Obligation in connection with the sale of any Obligation or furnished by any Member pursuant to the Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and shall not be corrected or brought into compliance within 30 days after written notice thereof to the Obligated Group Representative by the Master Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Obligations; *provided* that, if in the judgment of the Master Trustee, such default cannot with due diligence and dispatch be wholly cured so that such failure no longer constitutes an "event of default" under the Master Indenture within 30 days but can be wholly cured, the failure of the Member to remedy such default within such 30-day period shall not constitute a default thereunder if the Member 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; or

(d) default in the payment of the principal of, premium, if any, or interest on any Indebtedness for borrowed money of any Member, including without limitation any Indebtedness created by any Related Loan Document, as and when the same shall become due, or an event of default as defined in any mortgage, indenture, loan agreement or other instrument under or pursuant to which there was issued

or incurred, or by which there is secured, any such Indebtedness (including any Obligation) of any Member, and which default in payment or event of default entitles the holder thereof to declare or, in the case of any Obligation, to request that the Master Trustee declare, such Indebtedness due and payable prior to the date on which it would otherwise become due and payable; *provided, however,* that if such Indebtedness is not evidenced by an Obligation or issued, incurred or secured by or under a Related Loan Document, a default in payment thereunder shall not constitute an "event of default" under the Master Indenture unless the unpaid principal amount of such Indebtedness, together with the unpaid principal amount of all other Indebtedness so in default, exceeds the greater of $1,000,000 or 1% of unrestricted net assets of the Obligated Group; or

(e) any judgment, writ or warrant of attachment or of any similar process shall be entered or filed against any Member or against any Property of any Member and remains unvacated, unpaid, unbonded, unstayed or uncontested in good faith for a period of 90 days; *provided, however,* that none of the foregoing shall constitute an event of default unless the amount of such judgment, writ, warrant of attachment or similar process, together with the amount of all other such judgments, writs, warrants or similar processes so unvacated, unpaid, unbonded, unstayed or uncontested, exceeds the greater of $1,000,000 or 1% of the unrestricted net assets of the Obligated Group; or

(f) any Member admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for such Member, or for the major part of its Property; or

(g) a trustee, custodian or receiver is appointed for any Member or for the major part of its Property and is not discharged within 90 days after such appointment; or

(h) bankruptcy, dissolution, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against any Member (other than bankruptcy proceedings instituted by any Member against third parties), and if instituted against any Member are allowed against such Member or are consented to or are not dismissed, stayed or otherwise nullified within 90 days after such institution; or

(i) payment of any installment of interest or principal, or any premium, on any Related Bond shall not be made when the same shall become due and payable under the provisions of any Related Bond Indenture; or

(j) any event of default shall occur under the Mortgage or any mortgage executed pursuant to the last paragraph under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – PERMITTED ADDITIONAL INDEBTEDNESS."

ACCELERATION

If an event of default has occurred and is continuing, the Master Trustee may, and if requested by either the holders of not less than 25% in aggregate principal amount of Outstanding Obligations or the holder of any Accelerable Instrument under which Accelerable Instrument an event of default exists (which event of default permits the holder thereof to request that the Master Trustee declare such Indebtedness evidenced by an Obligation due and payable prior to the date on which it would otherwise become due and payable), shall, by notice in writing delivered to the Obligated Group Representative, declare the entire principal amount of all Obligations then Outstanding under the Master Indenture and the interest accrued thereon immediately due and payable, and the entire principal and such interest shall thereupon become immediately due and payable, subject, however, to the provisions of the Master Indenture described under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – WAIVER OF EVENTS OF DEFAULT" below.

REMEDIES; RIGHTS OF OBLIGATION HOLDERS

Upon the occurrence of any event of default, the Master Trustee may pursue any available remedy including a suit, action or proceeding at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Obligations Outstanding under the Master Indenture and any other sums due thereunder and may

collect such sums in the manner provided by law out of the Property or the Excluded Property of any Member wherever situated.

If an event of default shall have occurred, and if it shall have been requested so to do by either the holders of 25% or more in aggregate principal amount of Obligations Outstanding or the holder of an Accelerable Instrument who requested or was entitled to request pursuant to the Master Indenture that the Master Trustee accelerate the Obligations and if it shall have been indemnified as provided in the Master Indenture, the Master Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the provisions of the Master Indenture summarized under this caption as the Master Trustee shall deem most expedient in the interests of the holders of Obligations; *provided, however,* that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Obligations not parties to such request.

No remedy by the terms of the Master Indenture conferred upon or reserved to the Master Trustee (or to the holders of Obligations) 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 Master Trustee or to the holders of Obligations under the Master Indenture now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default, 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 default or event of default under the Master Indenture, whether by the Master Trustee or by the holders of Obligations, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

DIRECTION OF PROCEEDINGS BY HOLDERS

The holders of a majority in aggregate principal amount of the Obligations then outstanding which have become due and payable in accordance with their terms or have been declared due and payable pursuant the Master Indenture and have not been paid in full in the case of remedies exercised to enforce such payment, or the holders of not less than a majority in aggregate principal amount of the Obligations then outstanding in the case of any other remedy, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Master Indenture and the Mortgage, or for the appointment of a receiver or any other proceedings under the Master Indenture; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Indenture and that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of the Obligations not parties to such direction. Pending such direction from the holders of not less than a majority in aggregate principal amount of the Obligations outstanding, such direction may be given in the same manner and with the same effect by the holder of an Accelerable Instrument upon whose request pursuant to the Master Indenture the Master Trustee has accelerated the Obligations.

The foregoing notwithstanding, the holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding which are entitled to the exclusive benefit of certain security in addition to that intended to secure all or other Obligations shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Master Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Master Indenture, the Supplemental Master Indenture or Indentures pursuant to which such Obligations were issued or so secured or any separate security document in order to realize on such security; *provided, however,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Master Indenture and that the Master Trustee shall have the right to decline to comply with any such request if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken.

APPOINTMENT OF RECEIVERS

Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and the holders of Obligations under the Master Indenture, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the rights and properties pledged thereunder and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

APPLICATION OF MONEYS

All moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of the Master Indenture (except moneys held for the payment of Obligations called for prepayment or redemption which have become due and payable) shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of, expenses, liabilities and advances incurred or made by the Master Trustee, any Related Issuers and any Related Bond Trustees, be applied as follows:

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

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, 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

SECOND: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on the Obligations which shall have become due (other than Obligations called for redemption or payment for payment of which moneys are held pursuant to the provisions of the Master Indenture), in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full the Obligations due on any particular date, then to the payment ratably, according to the amount of principal and premium due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment to the persons entitled thereto of all unpaid principal and interest on Obligations, payment of which was extended by such persons as described in the Master Indenture.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Obligations without preference or priority of principal, premium or interest over the others, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without any discrimination or privilege; *provided* that no amount shall be paid to any Obligation Holder who has extended the time for payment of either principal or interest as described in the Master Indenture until all other principal, premium, if any, and interest owing on Obligations has been paid; and

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

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of the Master Indenture, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine in its sole discretion, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, 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 date shall cease to accrue. The Master 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 holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of the Master Indenture summarized under this caption and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the Obligated Group Representative on behalf of the Members.

REMEDIES VESTED IN MASTER TRUSTEE

All rights of action including the right to file proof of claims under the Master Indenture or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Master Trustee shall be brought in its name as Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Obligations, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Obligations.

RIGHTS AND REMEDIES OF OBLIGATION HOLDERS

No holder of any Obligation shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default shall have become an event of default and (a) the holders of 25% or more in aggregate principal amount (i) of the Obligations which have become due and payable in accordance with their terms or have been declared due and payable pursuant to the Master Indenture and have not been paid in full in the case of powers exercised to enforce such payment or (ii) the Obligations then outstanding in the case of any other exercise of power or (b) the holder of an Accelerable Instrument who requested or was entitled to request pursuant to the Master Indenture that the Master Trustee accelerate the Obligations, shall have made written request to the Master Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Master Indenture or to institute such action, suit or proceeding in its own name, and unless also, in each case, such holders have offered to the Master Trustee indemnity as provided in the Master Indenture, and unless the Master Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Master Trustee to be conditions precedent to the execution of the powers and trusts of the Master Indenture and to any action or cause of action for the enforcement of the Master Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more holders of the Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Master Indenture by its, his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the holders of all Obligations Outstanding. Nothing in the Master Indenture contained shall, however, affect or impair the right of any holder to enforce the payment of the principal of, premium, if any, and interest on any Obligation at and after the maturity thereof, or the obligation of the Members to pay the principal, premium, if any, and interest on each of the Obligations issued under the Master Indenture to the respective holders thereof at the time and place, from the source and in the manner in said Obligations expressed.

TERMINATION OF PROCEEDINGS

In case the Master Trustee shall have proceeded to enforce any right under the Master 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 to the Master Trustee, then and in every case the Members and the Master Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Master Indenture with respect to the Property pledged and assigned thereunder, and all rights, remedies and powers of the Master Trustee shall continue as if no such proceedings had been taken.

WAIVER OF EVENTS OF DEFAULT

If, at any time after the principal of all Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided below and before the acceleration of any Related Bond, any Member shall pay or shall deposit with the Master Trustee a

sum sufficient to pay all matured installments of interest upon all such Obligations and the principal and premium, if any, of all such Obligations that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the rate borne by such Obligations to the date of such payment or deposit, to the extent permitted by law) and the expenses of the Master Trustee, and any and all events of default under the Master Indenture, other than the nonpayment of principal of and accrued interest on such Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case the holders of not less than a majority in aggregate principal amount of all Obligations then Outstanding and the holder of each Accelerable Instrument who requested or was entitled to request the giving of notice of acceleration, by written notice to the Obligated Group Representative and to the Master Trustee, may waive all events of default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or affect any subsequent event of default, or shall impair any right consequent thereon.

MEMBERS' RIGHTS OF POSSESSION AND USE OF PROPERTY

So long as each Member is in full compliance with the terms and provisions of the Master Indenture, each Member shall be suffered and permitted to possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.

RELATED BOND TRUSTEE OR BONDHOLDERS DEEMED TO BE OBLIGATION HOLDERS

Unless a Related Bond Trustee elects to the contrary or contrary provision is made in a Related Bond Indenture, each Related Bond Trustee shall be deemed the holder of the Obligation or Obligations pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee. If such a Related Bond Trustee so elects or the Related Bond Indenture so provides, the holders of each series of Related Bonds shall be deemed the holders of the Obligations to the extent of the principal amount of the Obligations to which their Bonds relate.

LOCK-BOX PROVISIONS

Upon (a) the occurrence and during the continuance of an Event of Default under the provisions of the Master Indenture described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – EVENTS OF DEFAULT", the Master Trustee shall give to the Obligated Group Representative a notice (the *"Lock-Box Notice"*) referring to the provisions of the Master Indenture summarized under this caption. Upon receipt of a Lock-Box Notice, (a) each Obligated Group Member will immediately commence depositing all Gross Revenues with the Master Trustee and will continue to do so on a daily basis as and when it receives or collects any moneys constituting Gross Revenues and (b) within 30 days the Obligated Group Representative will (i) select a Consultant (which Consultant shall be approved as provided in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – APPROVAL OF CONSULTANTS") to review the operating budget of the Obligated Group as required by the provisions of the Master Indenture summarized under this caption and (ii) submit to such Consultant and the Master Trustee a proposed operating budget for the Consultant's approval or modification. The proposed operating budget shall include on a month by month basis all operating expenses to be paid by each Obligated Group Member. Upon review of the proposed budget, the Consultant will notify the Obligated Group Representative and the Master Trustee whether such budget is approved as submitted or of any modifications the Consultant will impose. A copy of the budget, as approved or modified (the "*Lock-Box Budget*"), will be sent to the Obligated Group Representative and the Master Trustee. In the event that the Obligated Group Representative fails to submit a proposed operating budget to the Consultant and the Master Trustee, the Consultant will modify the operating budget as it deems appropriate under the then existing circumstances and such modified operating budget will constitute the Lock-Box Budget. The Lock-Box Budget may be amended and modified by the Consultant at any time and from time to time as the Consultant in its discretion determines is necessary or appropriate under the then existing circumstances. A copy of any amendment or modification to the Lock-Box Budget will be sent by the Consultant to the Obligated Group Representative and the Master Trustee. The Master Trustee agrees that, upon receipt of a Lock-Box Notice, it will make disbursements (from amounts deposited with it by each Obligated Group Member as provided above) in each month to the Obligated Group Representative to pay operating expenses only in accordance with the Lock-Box Budget.

If at any time following a Lock-Box Notice all amounts due to the Master Trustee have been paid in full and all events of default under the Master Indenture have been cured, the Master Trustee will notify the Obligated Group Representative in writing that the lock-box provisions of the Master Indenture summarized under this caption are suspended. Additionally, the Master Trustee may in its discretion at any time agree to suspend such lock-box provisions by so notifying the Obligated Group Representative in writing. Thereafter, unless and until any

subsequent Lock-Box Notice is received by the Obligated Group Representative, Gross Revenues need not be deposited with the Master Trustee.

RESIGNATION BY THE MASTER TRUSTEE

The Master Trustee and any successor Master Trustee may at any time resign from the trusts created by the Master Indenture by giving thirty days' written notice to the Obligated Group Representative and by registered or certified mail to each registered owner of Obligations then outstanding and to each holder of Obligations as shown by the list of Obligation Holders required by the Master Indenture to be kept at the office of the Master Trustee. Such resignation shall take effect at the end of such thirty days or when a successor Master Trustee has been appointed and has assumed the trusts created by the Master Indenture, whichever is later, or upon the earlier appointment of a successor Master Trustee by the Obligation Holders or by the Obligated Group. If a successor Master Trustee has not accepted its appointment within such 30-day period, the current Master Trustee may apply to a court of competent jurisdiction to appoint a successor Master Trustee to act until such time, if any, as a successor shall have so accepted its appointment. Such notice to the Obligated Group Representative may be served personally or sent by registered or certified mail.

REMOVAL OF THE MASTER TRUSTEE

The Master Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Master Trustee and to the Obligated Group Representative, and signed by the registered owners of not less than a majority in aggregate principal amount of the Obligations then outstanding. So long as no event of default has occurred and is continuing under the Master Indenture, and no event shall have occurred which, with the passage of time or the giving of notice or both would become such an event of default under the Master Indenture, the Master Trustee may be removed at any time by an instrument in writing signed by the Obligated Group Representative, and delivered to the Master Trustee. The foregoing notwithstanding, the Master Trustee may not be removed by the Obligated Group Representative unless written notice of the delivery of such instrument or instruments signed by the Obligated Group Representative is mailed to the owners of all Obligations outstanding under the Master Indenture, which notice indicates the Master Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective on the 60th day next succeeding the date of such notice, unless the owners of not less than 10% in aggregate principal amount of such Obligations then outstanding under the Master Indenture shall object in writing to such removal and replacement.

APPOINTMENT OF SUCCESSOR MASTER TRUSTEE BY THE OBLIGATION HOLDERS; TEMPORARY MASTER TRUSTEE

In case the Master Trustee under the Master Indenture shall resign or be removed, or be dissolved, or shall be in the process of dissolution or liquidation, or otherwise becomes incapable of acting under the Master Indenture, 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 Obligated Group, or by the owners of not less than a majority in aggregate principal amount of Obligations then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized, with the approval of the Obligated Group so long as the Obligated Group is not in default, or potentially in default, under the Master Indenture. If a successor trustee shall not have been appointed within 30 days after notice of resignation by or removal of the Master Trustee, the Obligated Group or any holder of an Obligation may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Master Trustee appointed pursuant to the provisions of the Master Indenture summarized under this caption shall be a trust company or bank in good standing under the law of the jurisdiction in which it was created and by which it exists, having corporate trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus of not less than $50,000,000.

SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS TO THE MORTGAGE NOT REQUIRING CONSENT OF OBLIGATION HOLDERS

Subject to the limitations set forth under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SUPPLEMENTAL MASTER INDENTURES AND AMENDMENTS OF THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS," the Members and the Master Trustee may, without the consent of, or notice to, any of the Obligation Holders, amend or supplement the Master Indenture or the Mortgage for any one or more of the following purposes:

(a) To cure any ambiguity or defective provision in or omission from the Master Indenture in such manner as is not inconsistent with and does not impair the security of the Master Indenture or the Mortgage or adversely affect the holder of any Obligation;

(b) To grant to or confer upon the Master Trustee for the benefit of the Obligation Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Obligation Holders and the Master Trustee, or either of them, to add to the covenants of the Members for the benefit of the Obligation Holders or to surrender any right or power conferred under the Master Indenture or under the Mortgage upon any Member;

(c) To assign and pledge under the Master Indenture or the Mortgage any additional revenues, properties or collateral;

(d) To evidence the succession of another Person to the agreements of a Member or the Master Trustee, or the successor of any thereof under the Master Indenture;

(e) To permit the qualification of the Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter in effect or to permit the qualification of any Obligations for sale under the securities laws of any state of the United States;

(f) To provide for the refunding or advance refunding of any Obligation;

(g) To provide for the issuance of Additional Obligations;

(h) To reflect the addition to or withdrawal of a Member from the Obligated Group;

(i) To provide for the issuance of Obligations with original issue discount, *provided* such issuance would not materially adversely affect the holders of Outstanding Obligations;

(j) To permit an Obligation to be secured by security which is not extended to all Obligation Holders;

(k) To permit the issuance of Obligations which are not in the form of a promissory note;

(l) Provide for the release in accordance with the provisions of the Mortgage of any Property subject to the lien of such Mortgage;

(m) To make any other change which, in the opinion of the Master Trustee (which may rely on such opinions, certificates and other information as it deems necessary in making such determination), does not materially adversely affect the holders of any of the Obligations and, in the opinion of each Related Bond Trustee, does not materially adversely affect the holders of the Related Bonds with respect to which it acts as trustee, including without limitation any modification, amendment or supplement to the Master Indenture or any indenture supplemental to the Master Indenture or the Mortgage or any amendment thereto in such a manner as to establish or maintain exemption of interest on any Related Bonds under a Related Bond Indenture from federal income taxation under applicable provisions of the Code; and

(n) To provide for amendments reflecting the election by the Obligated Group Representative to make calculations under the Master Indenture in accordance with GAAP as of the date of

execution of the Master Indenture following changes to GAAP as described in the last paragraph under "DEFINITIONS OF CERTAIN TERMS" above.

Any Supplemental Master Indenture providing for the issuance of Additional Obligations shall set forth the date thereof, the date or dates upon which principal of, premium, if any, and interest on such Obligations shall be payable, the other terms and conditions of such Obligations, the form of such Obligations and the conditions precedent to the delivery of such Obligations which shall include, among other things:

(n) delivery to the Master Trustee of all materials required to be delivered as a condition precedent to the incurrence of the Additional Indebtedness evidenced by such Obligations;

(o) delivery to the Master Trustee of an opinion of Independent Counsel acceptable to the Master Trustee to the effect that all requirements and conditions to the issuance of such Obligations, if any, set forth in the Master Indenture and in the Supplemental Master Indenture have been complied with and satisfied; and

(p) delivery to the Master Trustee of an opinion of Independent Counsel acceptable to the Master Trustee to the effect that registration of such Obligations under the Securities Act of 1933, as amended, is not required, or, if such registration is required, that the Obligated Group has complied with all applicable provisions of said Act.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any Supplemental Master Indenture pursuant to subsection (l) above, the Master Trustee shall cause notice of the proposed execution of such Supplemental Master Indenture to be given to each Rating Agency then maintaining a rating on any Obligations or Related Bonds, in the manner provided in the Master Indenture at least 15 days prior to the execution of such Supplemental Master Indenture, which notice shall include a copy of the proposed Supplemental Master Indenture.

SUPPLEMENTAL MASTER INDENTURES AND AMENDMENT OF THE MORTGAGE REQUIRING CONSENT OF OBLIGATION HOLDERS

In addition to Supplemental Master Indentures covered by the provisions of the Master Indenture summarized under the previous caption and subject to the terms and provisions of the Master Indenture summarized under this caption, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Obligations which are outstanding under the Master Indenture at the time of the execution of such Supplemental Master Indenture or amendment to the Mortgage or, in case less than all of the several series of Obligations outstanding are affected thereby, the holders of not less than a majority in aggregate principal amount of the Obligations of the series affected thereby which are outstanding under the Master Indenture at the time of the execution of such Supplemental Master Indenture or amendment to the Mortgage, shall have the right, from time to time, anything contained in the Master Indenture or in the Mortgage to the contrary notwithstanding, to consent to and approve the execution by the Members and the Master Trustee of such Supplemental Master Indentures as shall be deemed necessary and desirable by the Members for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Master Indenture; *provided, however,* that nothing contained under this caption or under the previous caption 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 redemption of, any Obligation, without the consent of the holder of such Obligation, (b) a reduction in the aforesaid aggregate principal amount of Obligations the holders of which are required to consent to any such Supplemental Master Indenture or amendment to the Mortgage or any such amending or supplementing instruments, without the consent of the holders of all the Obligations at the time outstanding which would be affected by the action to be taken, or (c) modification of the rights, duties or immunities of the Master Trustee, without the written consent of the Master Trustee.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any such Supplemental Master Indenture for any of the purposes of the Master Indenture summarized under this caption, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Master Indenture to be mailed by first class mail postage prepaid to each holder of an Obligation or, in case less than all of the series of Obligations are affected thereby, of an Obligation of the series affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Master Indenture and

shall state that copies thereof are on file at the principal corporate trust office of the Master Trustee for inspection by all Obligation Holders. The Master Trustee shall not, however, be subject to any liability to any Obligation Holder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Master Indenture when consented to and approved as provided under this caption. If the holders of not less than a majority in aggregate principal amount of the Obligations or the Obligations of each series affected thereby, as the case may be, which are outstanding under the Master Indenture at the time of the execution of any such Supplemental Master Indenture shall have consented to and approved the execution thereof as provided in the Master Indenture, no holder of any Obligation 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 Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Master Indenture as permitted by provisions of the Master Indenture summarized under this caption, the Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

For the purpose of obtaining the foregoing consents, the determination of who is deemed the holder of an Obligation held by a Related Bond Trustee shall be made in the manner provided in the Master indenture.

Prior to executing any Supplemental Master Indenture in accordance with the provisions of the Master Indenture described under this caption and the immediately preceding caption, the Obligated Group Representative shall cause the delivery to the Master Trustee of an opinion of Independent Counsel to the effect that the amendment, modification or change is authorized and permitted by the terms of the Master Indenture.

DEFEASANCE

If the Members shall pay or provide for the payment of the entire indebtedness on all Obligations (including, for the purposes of the provisions of the Master Indenture summarized under this caption, any Obligations owned by a Member) outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Obligations outstanding, as and when the same become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations Outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date thereof), *provided* that such moneys, if invested, shall be invested at the direction of the Obligated Group Representative in Escrow Obligations, in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Representative for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations outstanding; or

(d) by depositing with the Master Trustee, in trust before maturity, Escrow Obligations in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Obligated Group and, if any such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then and in that case (but subject to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SATISFACTION OF RELATED BONDS") the Master Indenture and the estate and rights granted thereunder shall cease, determine, and become null and void, and thereupon the Master Trustee shall, upon Written Request of the Obligated Group Representative, and upon receipt by the Master Trustee of an Officer's Certificate from the Obligated Group Representative and an opinion of Independent Counsel acceptable to the Master Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Master Indenture and the lien thereof. The satisfaction and discharge of the

Master Indenture shall be without prejudice to the rights of the Master Trustee to charge and be reimbursed by the Obligated Group for any expenditures which it may thereafter incur in connection with the Master Indenture. The foregoing notwithstanding, the liability of the Obligated Group in respect of the Obligations shall continue, but the holders thereof shall thereafter be entitled to payment only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

Any moneys, funds, securities, or other property remaining on deposit under the Master Indenture (other than said Escrow Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of the Master Indenture, forthwith be transferred, paid over and distributed to the Obligated Group.

The Obligated Group may at any time surrender to the Master Trustee for cancellation by it any Obligations previously authenticated and delivered which the Obligated Group may have acquired in any manner whatsoever, and such Obligations, upon such surrender and cancellation, shall be deemed to be paid and retired.

PROVISION FOR PAYMENT OF A PARTICULAR SERIES OF OBLIGATIONS OR PORTION THEREOF

If the Obligated Group shall pay or provide for the payment of the entire indebtedness on all Obligations of a particular series or a portion of such a series (including, for the purpose of the provisions of the Master Indenture summarized under this caption, any such Obligations owned by a Member) in one of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Obligations of such series or portion thereof outstanding, as and when the same shall become due and payable;

(b) by depositing with the Master Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Obligations of such series or portion thereof outstanding (including the payment of premium, if any, and interest payable on such Obligations to the maturity or redemption date), *provided* that such moneys, if invested, shall be invested at the direction of the Obligated Group Representative in Escrow Obligations in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof outstanding at or before their respective maturity dates; it being understood that the investment income on such Escrow Obligations may be used at the direction of the Obligated Group Representative for any other purpose permitted by law;

(c) by delivering to the Master Trustee, for cancellation by it, all Obligations of such series or portion thereof outstanding; or

(d) by depositing with the Master Trustee, in trust, Escrow Obligations in such amount as will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations of such series or portion thereof at or before their respective maturity dates;

and if the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Obligated Group with respect to such series of Obligations or portion thereof, and, if any such Obligations of such series or portion thereof are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the requirements of the Master Indenture or provisions satisfactory to the Master Trustee shall have been made for the giving of such notice, then in that case (but subject to the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SATISFACTION OF RELATED BONDS") such Obligations shall cease to be entitled to any lien, benefit or security under the Master Indenture. The liability of the Obligated Group in respect of such Obligations shall continue but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Obligation Holders) only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid.

SATISFACTION OF RELATED BONDS

The provisions of the Master Indenture summarized under the previous two captions notwithstanding, any Obligation which secures a Related Bond (i) shall be deemed paid and shall cease to be entitled to the lien, benefit and security under the Master Indenture in the circumstances described in subsection (b)(ii) of the definition of "Outstanding Obligations" under "DEFINITIONS OF CERTAIN TERMS" above; and (ii) shall not be deemed paid and

shall continue to be entitled to the lien, benefit and security under the Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Indenture pursuant to the provisions thereof.

APPLICATION FOR RATING

Not later than 150 days after receipt by the Obligated Group Representative of audited Financial Statements delivered pursuant to the provisions of the Master Indenture described under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS" above for each Fiscal Year commencing with the Fiscal Year ending June 30, 2019, and thereafter, the Obligated Group Representative will approach any Rating Agency to obtain a credit rating until the Obligated Group obtains a credit rating of "BBB-" (or an equivalent rating) or better from any Rating Agency (an *"Investment Grade Credit Rating"*); provided, however, that the Obligated Group shall not be required to approach a Rating Agency to obtain a credit rating if the Obligated Group Representative reasonably believes that the Obligated Group will not meet the criteria of any Rating Agency for an Investment Grade Credit Rating based on the then existing published rating criteria of the Rating Agencies. Notwithstanding the foregoing, the requirement to annually approach a Rating Agency shall be suspended for so long as the Obligated Group maintains an Investment Grade Credit Rating.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE

The following information is a summary of certain provisions of the Mortgage. Reference is made to the Mortgage for a full and complete statement of its provisions.

GENERAL

The Mortgage will secure the obligation of Westminster Village (the *"Mortgagor"*), to pay all Obligations issued under the Master Indenture.

REPRESENTATION AND WARRANTIES

The Mortgagor represents and warrants in the Mortgage that it has good and marketable fee simple title to the Mortgaged Land (as defined in the Mortgage) and is the lawful owner and is now lawfully seized and possessed of the Mortgaged Property (other than that not presently in existence), free and clear of all Liens, security interests, charges and encumbrances whatsoever except Permitted Encumbrances. The Mortgagor further represents and warrants that the Mortgage constitutes (i) a valid first mortgage lien upon the Mortgaged Land, including any fixtures affixed thereto, subject only to Permitted Encumbrances, (ii) a security interest in the Machinery and Equipment (as defined in the Mortgage), General Intangibles (as defined in the Mortgage), Rents and Other Income (as defined in the Mortgage) and Intellectual Property (as defined in the Mortgage), which security interest is (a) perfected to the extent the same may be perfected by filing under the Uniform Commercial Code and (b) prior to any other security interest in such Machinery and Equipment, General Intangibles, Rents and Other Income and Intellectual Property, subject only to Permitted Encumbrances, and (iii) a legal, valid and binding obligation of the Mortgagor, enforceable in accordance with its terms. The easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments which are Permitted Encumbrances, if any, now existing with respect to the Mortgaged Land do not materially impair or materially interfere with the operation thereof for the purpose for which they were acquired or are held by the Mortgagor.

AFTER-ACQUIRED PROPERTY

All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof hereafter constructed or acquired by the Mortgagor, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien and security interest of the Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Master Trustee all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Master Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of the Mortgage.

MAINTENANCE OF LIEN

The Mortgagor will, at its own expense, take all necessary action to maintain and preserve the lien and security interest of the Mortgage as a first priority lien and security interest, subject only to Permitted Encumbrances, so long as the Obligations are outstanding.

INSPECTION OF MORTGAGED PROPERTY AND RECORDS

The Master Trustee, any Obligation holder and any Bondholder shall have the right to inspect the Mortgaged Property and all books, records and documents relating thereto at all reasonable times with prior notice, and access thereto shall be permitted for that purpose, so long as such access is conducted in a commercially reasonable manner so as to not interfere with the Mortgagor's business operations.

EVENT OF DEFAULT DEFINED

Each and all of the terms and provisions of the Master Indenture relating to defaults and remedies have been and are incorporated into the Mortgage by reference to the same extent as though fully set out therein and that the term "Event of Default" wherever used in the Mortgage shall mean (i) an Event of Default as defined in the Master Indenture, (ii) the failure of the Mortgagor to comply with any covenant, agreement or warranty contained in the Mortgage within 30 days after the Master Trustee shall have given written notice thereof to the Mortgagor and the Obligated Group Agent, *provided* that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, it shall be cured within the time specified in the Master Indenture or (iii) the abandonment of the Mortgaged Property or any portion thereof by the Mortgagor for ten (10) consecutive days.

REMEDIES

When any Event of Default has occurred and is continuing, the Master Trustee may, in addition to the remedies described in the Mortgage, exercise any one or more or all, and in any order, of the remedies set forth in the Master Indenture, including, without limitation, the remedies provided therein with respect to real property; it being expressly understood that no remedy in the Mortgage or in the Master Indenture conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given in the Mortgage or now or hereafter existing at law or in equity or by statute.

POSSESSION BY THE MASTER TRUSTEE

When any Event of Default has occurred and is continuing, the Master Trustee shall, if applicable law permits, have the right to enter into and upon the Mortgaged Property and take possession thereof or to appoint an agent or trustee for the collection of the rents, issues, and profits of the Mortgaged Property.

FORECLOSURE

When any Event of Default has occurred and is continuing, the Master Trustee shall have the right to foreclose the lien of the Mortgage for the indebtedness secured thereby or any part thereof.

RECEIVER

Upon, or at any time after, the acceleration of any series of Obligations or the filing of a complaint to foreclose the Mortgage, a court of competent jurisdiction may, upon the application of the Master Trustee, appoint a receiver (at the Mortgagor's expense) of the Mortgaged Property. Such appointment may be made before the sale, without regard to solvency or insolvency of the Mortgagor at the time of application for such receiver, and without regard to the then value of the Mortgaged Property or whether the same shall be then occupied as a homestead or not; and the Master Trustee or any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Mortgaged Property during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further times when the Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. The court may, from time to time, authorize the receiver to

apply the net income from the Mortgaged Property in his hands in payment in whole or in part of: (a) the indebtedness secured by the Mortgage or the indebtedness secured by a judgment foreclosing the Mortgage, or any tax, special assessment, or other lien that may be or become superior to the lien of the Mortgage or of such judgment, provided such application is made prior to the foreclosure sale; or (b) the deficiency in case of a sale and deficiency.

SUPPLEMENTS AND AMENDMENTS TO THE MORTGAGE

The Mortgagor and the Master Trustee may, from time to time, enter into such supplements and amendments to the Mortgage as they may deem necessary or desirable to effectuate the purposes or intent thereof; *provided, however,* that no such amendment shall be effective if not adopted in accordance with the terms of the Master Indenture.

CONDITIONS FOR RELEASE

So long as no Event of Default shall have occurred and be continuing under the Mortgage or under the Master Indenture, the Master Trustee shall release:

(a) Machinery and Equipment in accordance with the Mortgage and the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SALE, LEASE OR OTHER DISPOSITION OF PROPERTY"; and

(b) Mortgaged Land upon receipt by the Master Trustee of:

(i) a written consent to the release of the Mortgaged Land to be released (referred to in the provisions of the Mortgage summarized under this caption as the *"Released Property"*) of a majority in aggregate principal amount of the holders of the outstanding Obligations; or

(ii) in all other cases, the following documents:

1. A Written Request of the Mortgagor for such release, describing the Released Property;

2. A certificate of the Mortgagor to the Master Trustee certifying:

i) The conditions set forth in the provisions of the Master Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SALE, LEASE OR OTHER DISPOSITION OF PROPERTY" for the disposition of the Released Property have been satisfied; and

ii) No default or event of default shall exist and be continuing under the Mortgage.

3. A supplement to the Mortgage, a release of the Mortgage or a supplement to the Master Indenture (if necessary) and other documents reasonably requested by, and in form reasonably satisfactory to, the Master Trustee necessary to release the Mortgaged Land from the lien of the Mortgage;

4. An opinion addressed to the Master Trustee from Independent Counsel reasonably satisfactory to the Master Trustee to the effect that:

i) The execution and delivery of the requested release will not violate any provisions of the Mortgage or of the Master Indenture; all necessary action required to be taken by the Mortgagor and the Master Trustee to effect the release of the Released Property has been taken;

ii) The supplemental amendment to the Mortgage or the supplemental indenture to the Master Indenture, if required to effect the release

of the Released Property have been duly authorized, executed and delivered and are binding upon the Mortgagor in accordance with their respective terms (subject to customary exceptions for laws affecting creditors' rights and the applicability of equitable principles); and

The Mortgage provides that the foregoing notwithstanding, upon defeasance of the Master Indenture and Obligations thereunder in full, the Mortgage shall be deemed released and the Master Trustee shall cooperate with the Mortgagor to take any and all action appropriate to evidence such release.

CONFLICTS WITH MASTER INDENTURE

In the event any of the terms or provisions of the Mortgage conflict with the Master Indenture, the Master Indenture shall control.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE AND THE LOAN AGREEMENT

Brief descriptions of certain provisions of the Bond Indenture and the Loan Agreement are included hereafter in this APPENDIX E of this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the provisions of the Bond Indenture and the Loan Agreement are qualified in their entirety by reference to each such document, copies of which are available for review prior to the issuance and delivery of the Series 2018A Bonds at the offices of the Authority and thereafter at the offices of the Bond Trustee. All references to the Series 2018A Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Bond Indenture.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in the Bond Indenture, the Loan Agreement, and this Official Statement.

"Act" means the Illinois Finance Authority Act of the State of Illinois, as from time to time amended.

"Authority" means the Illinois Finance Authority, a body politic and corporate created and existing under and by virtue of the Act, and its successors and assigns.

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

"Bond Counsel" means any nationally recognized municipal bond counsel selected by the Borrower and not objected to by the Bond Trustee and the Authority.

"Bond Financed Property" means all of the property of the Borrower to be financed with the remaining proceeds of the Series 2017A/B Bonds on deposit with the Series 2017A/B Bond Trustee to be transferred on the Closing Date to the Project Fund established under the Bond Indenture or refinanced with the proceeds of the Series 2018A Bonds.

"Bond Indenture" means the Bond Trust Indenture dated as of December 1, 2018 between the Authority and the Bond Trustee, as it may from time to time be amended or supplemented.

"Bond Register" means the registration books of the Authority kept by the Bond Trustee to evidence the registration and transfer of the Series 2018A Bonds.

"Bond Trustee" means UMB Bank, N.A., its successors and assigns, or any successor bond trustee under the Bond Indenture.

"Bond Year" means any 12-month period beginning May 1 of a calendar year and ending April 30 of the succeeding calendar year in which Series 2018A Bonds are Outstanding. For the purpose of calculating debt service on the Series 2018A Bonds in any Bond Year, principal and interest payable on the Series 2018A Bonds on May 1 of any Bond Year shall be deemed to be payable during the preceding Bond Year.

"Bondholder," "holder," "owner," or *"owner of the Series 2018A Bonds"* each means the registered owner of any Series 2018A Bond.

"Bonds" means the Series 2018A Bonds.

"Borrower" means Westminster Village, Inc., an Illinois not for profit corporation, and its successors and assigns and any surviving, resulting or transferee corporation.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in the State of Illinois or the State of New York or in any city in which the designated corporate trust

office of the Bond Trustee is located, are required or authorized by law to close or (b) a day on which the New York Stock Exchange is closed.

"Closing Date" means the date of the initial issuance and delivery of the Series 2018A Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations relating to such section, which are applicable to the Series 2018A Bonds or the use of the proceeds thereof.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement dated as of December 1, 2018 between the Borrower and UMB Bank, N.A., as dissemination agent.

"Debt Service Requirements" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Debt Service Requirements" in APPENDIX D to this Official Statement.

"Debt Service Reserve Fund Requirement" means initially, $2,533,787.50 and, upon the maturity or redemption of any Series 2018A Bonds (by mandatory sinking fund redemptions or otherwise), an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement during any Fiscal Year on the Series 2018A Bonds then outstanding, (ii) an amount equal to 10% of the outstanding principal amount of the Series 2018A Bonds (determined in accordance with the provisions of U.S. Treasury Regulation Section 1.148-1(b)) or (iii) an amount equal to 125% of the average annual debt service requirements during any Fiscal Year on the Series 2018A Bonds, *provided* that the Maximum Annual Debt Service Requirement and the Debt Service Requirement for any of the Series 2018A Bonds will be calculated in accordance with the provisions of the Master Indenture.

"Defaulted Interest" means interest on any Bond which is payable but not duly paid on the date due.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns appointed pursuant to the Bond Indenture.

"DTC Participants" means those broker dealers, banks and other financial institutions reflected on the books of DTC.

"Facilities" shall have the meaning set forth under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Facilities" in APPENDIX D to this Official Statement.

"Favorable Opinion of Bond Counsel" means an unqualified Opinion of Bond Counsel to the effect that the action proposed to be taken (or failure to take such action) is permitted under the Bond Indenture and will not, in and of itself, adversely affect the validity or enforceability of the Series 2018A Bonds or result in the inclusion of interest on the Series 2018A Bonds in gross income for federal income tax purposes, to the extent not already so included.

"First Supplemental Mortgage" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Mortgage" in APPENDIX D to this Official Statement.

"Fiscal Year" means any 12-month period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

"Fitch" means Fitch Ratings 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, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower with written notice to the Bond Trustee and the Authority.

"Governing Body" means the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

"Government Obligations" means (a) United States Government Obligations, (b) evidences of a direct ownership in future interest or principal payments on United States Government Obligations, which United States Government Obligations are held in a custodial account by a custodian satisfactory to the Bond Trustee, (c) principal only or interest only strips issued by the United States Treasury or (d) REFCORP Strips issued by the Federal Reserve Bank of New York.

"Immediate Notice" means notice by telephone, telex, telecopier or electronic mail to such address as the addressee shall have directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice shall not have been provided with the necessary information as to the telephone, telex, telecopier number or electronic mail address of an addressee, Immediate Notice shall mean written notice by first class mail, postage prepaid.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include independent legal counsel for the Authority, the Borrower, any other Member of the Obligated Group, the Bond Trustee or the Master Trustee.

"Initial Purchaser" means B.C. Ziegler and Company, the initial purchaser of the Series 2018A Bonds.

"Interest Payment Date" means each May 1 and November 1, commencing May 1, 2019, and, if any date so specified is not a Business Day, the Interest Payment Date shall be the immediately following Business Day.

"Loan Agreement" means the Loan Agreement dated as of December 1, 2018 between the Authority and the Borrower relating to the Series 2018A Bonds, as it may from time to time be amended or supplemented.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of December 1, 2018 between the Borrower, as the sole member of the obligated group created thereunder, and the Master Trustee, as it may be supplemented or amended from time to time.

"Master Trustee" means UMB Bank, N.A., as master trustee, or any other successor trustee under the Master Indenture.

"Maximum Annual Debt Service Requirement" means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year.

"Member" or *"Member(s) of the Obligated Group"* means the Persons (other than the Master Trustee) which have executed the Master Indenture or any supplements thereto and thereby have become contractually obligated to comply with the provisions of the Master Indenture and have not withdrawn from the Obligated Group pursuant to the provisions of the Master Indenture.

"Moody's" means Moody's Investors Service, Inc., 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 Borrower with written notice to the Bond Trustee and the Authority.

"Obligated Group" means, collectively, the Members of the Obligated Group.

"Obligated Group Representative" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Obligated Group Representative" in APPENDIX D to this Official Statement.

"Obligations" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Obligation" in APPENDIX D to this Official Statement.

"Obligated Group Representative" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Obligation" in APPENDIX D to this Official Statement.

"Officer's Certificate" means a certificate signed, in the case of a certificate delivered by a corporation, by its President, Chief Executive Officer, Chief Financial Officer, any Vice President, Treasurer or any other officer authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person, in either case whose authority to execute such Certificate shall be evidenced to the satisfaction of the Bond Trustee.

"Official Statement" means this Official Statement prepared in connection with the issuance and sale of the Series 2018A Bonds.

"Opinion of Bond Counsel" means an unqualified Opinion of Counsel, which shall be Bond Counsel, containing the opinion specifically required by the provisions of the Bond Indenture, which Opinion may be based upon a ruling or rulings of the Internal Revenue Service, and may include any exceptions contained in the Opinion of Bond Counsel delivered upon original issuance of the Series 2018A Bonds.

"Opinion of Counsel" means a written Opinion of Counsel who is not objected to by the Bond Trustee, in form and substance not objected to by the Bond Trustee.

"Outstanding Bonds," "Outstanding Series 2018A Bonds," "Bonds outstanding" or *"Series 2018A Bonds outstanding"* means, as of any given date, all Series 2018A Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Series 2018A Bonds cancelled after purchase thereof in the open market or because of payment at or redemption prior to maturity;

(b) Series 2018A Bonds for the payment or redemption of which cash or United States Government Obligations or both shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Series 2018A Bonds) in accordance with the Bond Indenture; *provided* that if such Series 2018A Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee shall have been filed with the Bond Trustee;

(c) Series 2018A Bonds in lieu of which others have been authenticated under the Bond Indenture; and

(d) For the purpose of determining whether the owners of a requisite aggregate principal amount of outstanding Series 2018A Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Bond Indenture, Series 2018A Bonds which are owned or held by a Member. In determining whether a Bond is held by a Member, only Bonds (i) which are registered in the name of a Member (or with respect to which a Member is the beneficial owner) or (ii) which the Bond Trustee knows to be so owned, shall be treated as Bonds owned by a Member.

"Paying Agent" means the bank or banks, if any, designated pursuant to the Bond Indenture to receive and disburse the principal of and interest on the Series 2018A Bonds. The Paying Agent is initially the Bond Trustee.

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

"Project" means the renovation, remodeling and equipping of certain facilities located in the State of Illinois of the Borrower, as set forth in the Project Certificate Exhibit.

"Project Certificate" means the Project Certificate of the Borrower dated the Closing Date delivered by the Borrower.

"Project Certificate Exhibit" means Exhibit A to the Project Certificate.

"Property" has the meaning set forth in the Master Indenture under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – DEFINITIONS OF CERTAIN TERMS – Property" in APPENDIX D to this Official Statement.

"Purchase Contract" means the Bond Purchase Agreement among the Initial Purchaser, the Borrower and the Authority, providing for the sale of the Series 2018A Bonds.

"Qualified Investments" means dollar denominated investments in any of the following:

(a) Government Obligations;

(b) Debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency;

(c) Any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank or the Student Loan Marketing Association) which is either (i) at the time of purchase rated in the highest rating category by any Rating Agency, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit account, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Master Trustee or the Bond Trustee or its affiliates, which at the time of purchase have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which mature not more than 360 days after the date of purchase;

(e) Commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency, and which matures not more than 270 days after the date of purchase;

(f) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(g) Investment agreements with banks (including without limitation the Bond Trustee or the Master Trustee) that at the time such agreement is executed are rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by any Rating Agency or investment agreements with non-bank financial institutions, provided that (1) all of the unsecured, direct long-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (2) if such non-bank financial institution and any related guarantor have no outstanding long-term debt that is rated, all of the short-term debt of either the non-bank financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in one of the two highest rating categories (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short-term indebtedness by any Rating Agency. If such non-bank financial institution and any guarantor do not have any short-term or long-term debt, but do have a rating in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise), then investment agreements with such non-bank financial institutions will be permitted;

(h) Repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (b) and (c) above, which agreements may be entered into with a bank (including, without limitation, the Bond Trustee or the Master Trustee), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that

(i) the Bond Trustee or a custodial agent of the Bond Trustee has possession of the collateral and that the collateral is, to the knowledge of the Bond Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of the Bond Trustee, the Bond Trustee's agent, the Master Trustee or the Master Trustee's agent;

(i) Investments in a money market fund, which may be funds of the Bond Trustee or an affiliate of the Bond Trustee, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency; and

(j) Shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund or other collective investment fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and the majority of whose investments consist solely of Qualified Investments as defined in paragraphs (a) through (i) above, including money market mutual funds from which the Master Trustee, the Bond Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

The Bond Trustee shall be entitled to assume that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

For the purposes of this definition, obligations issued or held in the name of the Bond Trustee (or in the name of the Authority and payable to the Bond Trustee) in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Bond Trustee.

"Rating Agency" means Moody's, Standard & Poor's or Fitch and their respective successors and assigns.

"Rebate Fund" means the fund created under the Tax Exemption Agreement to comply with Section 148(f) of the Code.

"Record Date" means, with respect to Bonds, the fifteenth day (whether or not a Business Day) next preceding an Interest Payment Date therefor.

"Series 2017A/B Bonds" means the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017A (Westminster Village Project) and the Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017B (Westminster Village Project).

"Series 2017A/B Bond Trustee" means Commerce Bank.

"Series 2018A Bonds" means the Illinois Finance Authority Revenue Bonds, Series 2018A (Westminster Village) authorized to be issued pursuant to the terms and conditions of the Bond Indenture.

"Series 2018A Obligation" means the Direct Note Obligation, Series 2018A (Illinois Finance Authority) of the Borrower issued pursuant to the provisions of the Master Indenture as security for the Series 2018A Bonds.

"Special Record Date" means the date fixed by the Bond Trustee pursuant to the Bond Indenture for the payment of Defaulted Interest.

"Standard & Poor's" or *"S&P"* means S&P Global Ratings, 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, any other nationally recognized securities rating agency designated by the Borrower, with written notice to the Authority and the Bond Trustee.

"State" means the State of Illinois.

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

income taxes under Section 501(a) of the Code and which is not a "private foundation" within the meaning of Section 509(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect.

"Tax Exemption Agreement" means the Tax Exemption Certificate and Agreement relating to the Series 2018A Bonds dated the Closing Date among the Borrower, the Authority and the Bond Trustee.

"Unassigned Rights" means the Authority's right to receive payment of its fees and expenses, the Authority's right to be indemnified, defended and held harmless as provided in the Loan Agreement, the Authority's right to execute and deliver supplements and amendments to the Loan Agreement, the Authority's right to receive notices under the Bond Indenture and under the Loan Agreement and the Authority's right to give consents and make certain appointments under the Bond Indenture and under the Loan Agreement.

"United States Government Obligations" means noncallable direct obligations of, or noncallable obligations (which shall not include shares or investments in unit investment trusts or mutual funds) the timely payment of the principal of and interest on which is fully guaranteed by the United States of America.

"Unrelated Trade or Business" means an activity which constitutes an "unrelated trade or business" within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code.

"Valuation Date" means any date on which the Bond Trustee values the investments on deposit in the Debt Service Reserve Fund pursuant to the provisions of the Bond Indenture summarized under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — FUNDS; DISPOSITION OF REVENUES – 4. Debt Service Reserve Fund."

"Written Request" means, with reference to the Authority, a request in writing (which may be by electronic means acceptable to the Bond Trustee) signed by the Chairperson, Vice-Chairperson, Executive Director, General Counsel or any Assistant Executive Director of the Authority, and, with reference to the Borrower, a request in writing signed by the President, a Vice President, Secretary or Assistant Secretary of the Borrower, or any other officers designated by the Authority or the Borrower, as the case may be.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain covenants and provisions of the Bond Indenture. Reference is made to the Bond Indenture for a full and complete statement of its provisions.

FUNDS; DISPOSITION OF REVENUES

1. *Revenue Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2018A Bonds are outstanding a separate account to be known as the "Revenue Fund – Westminster Village, Inc. – Series 2018A" (the *"Revenue Fund"*). All payments upon the Series 2018A Obligation pledged under the Bond Indenture, all payments under the Loan Agreement and all transfers from the Rebate Fund, when received by the Bond Trustee, shall be deposited into the Revenue Fund and shall be held therein until disbursed as provided in the Bond Indenture. Pursuant to the assignment and pledge of payments upon the Series 2018A Obligation set forth in the granting clauses contained in the Bond Indenture, the Authority will direct the Borrower to make payments upon the Series 2018A Obligation pledged under the Bond Indenture directly to the Bond Trustee when and as the same become due and payable.

2. *Interest Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2018A Bonds are outstanding a separate account to be known as the "Interest Fund – Westminster Village, Inc. – Series 2018A" (the *"Interest Fund"*).

On each Interest Payment Date, commencing May 1, 2019, the Bond Trustee shall deposit in the Interest Fund from the Revenue Fund moneys in an amount which, together with the amounts already on deposit therein and available to make such payment, is not less than the interest becoming due on the Series 2018A Bonds on such date. No semi-annual deposit pursuant to this paragraph need be made to the extent that there is a sufficient amount already on deposit in the Interest Fund and available for such purpose.

Moneys on deposit in the Interest Fund, other than income thereon which is to be transferred to other funds created under the Bond Indenture or the Rebate Fund, must be used to pay interest on the Series 2018A Bonds as it becomes due.

In connection with any partial redemption or defeasance prior to maturity of the Series 2018A Bonds, the Bond Trustee shall, at the request of the Borrower, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay the interest on the Series 2018A Bonds remaining outstanding on the first interest payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2018A Bonds to be redeemed or defeased.

3. *Bond Sinking Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2018A Bonds are outstanding a separate account to be known as the "Bond Sinking Fund – Westminster Village, Inc. – Series 2018A" (the *"Bond Sinking Fund"*).

On each May 1, commencing May 1, 2020 after making the deposit required by the Bond Indenture as described above under "2. Interest Fund" above, the Bond Trustee shall deposit in the Bond Sinking Fund from the Revenue Fund moneys in an amount which, together with any moneys already on deposit in the Bond Sinking Fund and available to make such payment, is not less than the principal to become due on the Series 2018A Bonds on such May 1 by maturity or mandatory sinking fund redemption. No such deposit need be made to the extent that there is a sufficient amount already on deposit and available for such purpose in the Bond Sinking Fund. If May 1 of any year is not a Business Day, the deposit herein required to be made shall be made on the next succeeding Business Day.

Moneys on deposit in the Bond Sinking Fund, other than income earned thereon which is to be transferred to other funds created under the Bond Indenture or to the Rebate Fund and except as otherwise provided by the provisions of the Bond Indenture as described under "APPLICATION OF MONEYS" below, shall be applied by the Bond Trustee to pay principal on the Series 2018A Bonds as it becomes due and to redeem the Series 2018A Bonds in accordance with the mandatory sinking fund redemption schedule provided in the Bond Indenture. In lieu of such mandatory sinking fund redemption, the Bond Trustee shall, at the Written Request of the Borrower, purchase for cancellation an equal principal amount of Bonds of the maturity to be redeemed in the open market identified by the Borrower at prices specified by the Borrower not exceeding the principal amount of the Series 2018A Bonds being purchased plus accrued interest with such interest portion of the purchase price to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Bond Sinking Fund. In addition, the amount of Bonds to be redeemed on any date pursuant to the mandatory sinking fund redemption schedule shall be reduced by the principal amount of Bonds of the maturity required to be redeemed which are acquired by the Borrower or any other Member and delivered to the Bond Trustee for cancellation.

In connection with any partial redemption or defeasance prior to maturity of the Series 2018A Bonds, the Bond Trustee shall, at the request of the Borrower, use any amounts on deposit in the Bond Sinking Fund in excess of the amount needed to pay principal on the Series 2018A Bonds remaining outstanding on the first principal or mandatory sinking fund payment date occurring on or after the date of such redemption or defeasance to pay the principal of and interest on the Series 2018A Bonds to be redeemed or defeased.

4. *Debt Service Reserve Fund.* The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2018A Bonds are outstanding a separate account to be known as the "Debt Service Reserve Fund – Westminster Village, Inc. – Series 2018A" (the *"Debt Service Reserve Fund"*). A deposit to the credit of the Debt Service Reserve Fund shall be made in accordance with the provisions of the Bond Indenture. Amounts on deposit in the Debt Service Reserve Fund shall be administered by the Bond Trustee as summarized under this subcaption. Except as provided in the provisions of the Bond Indenture summarized under this subcaption, moneys on deposit in the Debt Service Reserve Fund shall be used only to make up any deficiencies in the Interest Fund and the Bond Sinking Fund (in that order).

Moneys on deposit in the Debt Service Reserve Fund shall be invested in Qualified Investments. Qualified Investments in the Debt Service Reserve Fund shall be valued by the Bond Trustee on May 1 of each Fiscal Year (the *"Valuation Date"*), on the basis of fair market value (which valuation shall take into account any accrued and unpaid interest). If on any Valuation Date the amount on deposit in the Debt Service Reserve Fund is less than 90% of the Debt Service Reserve Fund Requirement as a result of a decline in the market value of investments on deposit in the Debt Service Reserve Fund, the Loan Agreement requires the Borrower to deposit in the Debt Service Reserve Fund the amount necessary to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within 120 days following the date on which the Borrower receives notice of such deficiency. If at any time the amount on deposit in the Debt Service Reserve Fund is less than 100%

of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon, the Loan Agreement requires the Borrower to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement by the deposit with the Bond Trustee of an amount equal to such deficiency in not more than 12 substantially equal monthly installments beginning with the first day of the seventh month after the month in which such draw occurred.

In connection with any partial redemption or defeasance prior to maturity of the Series 2018A Bonds, the Bond Trustee shall, at the request of the Borrower, use any amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement after such redemption to pay the principal of or the principal portion of the redemption price of said Bonds to be redeemed or defeased. On the final maturity date of the Series 2018A Bonds, any moneys in the Debt Service Reserve Fund may be used to pay the principal of and interest on the applicable Series 2018A Bonds on such final maturity date.

5. *Optional Redemption Fund*. The Authority shall establish with the Bond Trustee and maintain so long as any of the Series 2018A Bonds are outstanding a separate account to be known as the "Optional Redemption Fund – Westminster Village, Inc. – Series 2018A" (the *"Optional Redemption Fund"*). In the event of (i) prepayment by or on behalf of the Borrower or any other Member of amounts payable on the Series 2018A Obligation pledged under the Bond Indenture, including prepayment with condemnation, insurance or sale proceeds, or (ii) deposit with the Bond Trustee by the Borrower or the Authority of moneys from any other source for redeeming Bonds or purchasing Bonds for cancellation, except as otherwise provided in the Bond Indenture, such moneys shall be deposited into the Optional Redemption Fund. Funds received by the Bond Trustee for the prepayment of the Series 2018A Bonds shall be deposited in the Optional Redemption Fund. Moneys on deposit in the Optional 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 second for the redemption of Bonds in accordance with the provisions of the Bond Indenture.

6. *Project Fund*. The Authority shall establish with the Bond Trustee a separate account to be known as the "Project Fund – Westminster Village, Inc. – Series 2018A" (the *"Project Fund"*) to the credit of which a deposit shall be made as required by the provisions of the Bond Indenture. Any moneys received by the Bond Trustee from any other source for the Project shall be deposited in the Project Fund unless otherwise specifically excepted in the provisions of the Bond Indenture summarized under this subcaption or unless contrary provision is made in the Loan Agreement. The moneys in the Project Fund shall be held in trust by the Bond Trustee, shall be applied to the payment of the costs of the Project and, pending such application, shall be held as trust funds under the Bond Indenture in favor of the holders of the outstanding Series 2018A Bonds and for the further security of such holders until paid out or transferred as provided in the provisions of the Bond Indenture summarized under this subcaption.

If after payment by the Bond Trustee of all orders theretofore tendered to the Bond Trustee under the provisions of the Bond Indenture and after receipt by the Bond Trustee of the certificate described in the Bond Indenture there shall remain any moneys in the Project Fund, the Borrower may direct the Bond Trustee in writing to: (1) retain all or a portion of such moneys in the Project Fund and withdraw such moneys in accordance with the provisions of the Bond Indenture to pay or reimburse the Borrower for payment of the "cost" of an additional "project" or "projects" (as such terms are defined in the Act) if the Borrower complies with the provisions of the Loan Agreement relating to changes in or amendments to the Project Documents (as defined in the Loan Agreement) and any restrictions on the investment of proceeds contained in the Tax Exemption Agreement, provided that any such withdrawal occurs on or before the third anniversary of the Closing Date unless there shall be delivered to the Bond Trustee and the Authority an Opinion of Bond Counsel; (2) deposit such moneys in the Bond Sinking Fund to the extent necessary to make the next payment therefrom so long as the next principal payment is required to be made within one year from the date of deposit therein and then (b) deposit the remainder of such moneys in the Optional Redemption Fund; or (3) apply such moneys in any other manner, provided there shall be delivered to the Bond Trustee and the Authority an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity of the Series 2018A Bonds or any exemption from federal income taxation to which the interest on the Series 2018A Bonds would otherwise be entitled.

If any moneys remain on deposit in the Project Fund on the third anniversary of the Closing Date and the Project is ongoing but has not been completed or the Project was completed and an election was made pursuant to clause (1) of the immediately preceding paragraph, such moneys may remain on deposit in the Project Fund and shall be invested in accordance with the requirements of the Bond Indenture summarized under "INVESTMENT OF FUNDS" below and pursuant to the limitations set forth in the Tax Exemption Agreement. If moneys remain on deposit in the Project Fund on the third anniversary of the Closing Date and the Project has been abandoned, such moneys must be deposited in the funds specified in clause (2) of the immediately preceding.

7. *Expense Fund.* The Authority shall establish with the Bond Trustee a separate account to be known as the "Expense Fund – Westminster Village, Inc. – Series 2018A" (the *"Expense Fund"*). Deposits to the Expense Fund shall be made as set forth in the Bond Indenture. Moneys in the Expense Fund will be disbursed upon receipt of a Written Request of the Borrower for the payment of expenses for any recording, trustee's and depositary's fees and expenses, accounting and legal fees, financing costs (including costs of acquiring investments for the funds and escrows) and other fees and expenses incurred or to be incurred by or on behalf of the Authority or the Borrower in connection with or incident to the issuance and sale of the Series 2018A Bonds. At such time as the Bond Trustee is furnished with a Written Request of the Borrower stating that all such fees and expenses have been paid, and in no event later than the first anniversary of the Closing Date, the Bond Trustee shall transfer any moneys remaining in the Expense Fund to the Interest Fund.

INVESTMENT OF FUNDS

Upon telephonic instructions immediately followed by a Written Request of the Borrower filed with the Bond Trustee, moneys in the Revenue Fund, Interest Fund, Bond Sinking Fund, Debt Service Reserve Fund, Project Fund, Expense Fund and Optional Redemption Fund shall be invested only in Qualified Investments selected by the Borrower. All such investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are anticipated to be required, and any moneys on deposit in the Debt Service Reserve Fund may be invested in investments which mature on or prior to the scheduled maturity date of the Series 2018A Bonds. The Bond Trustee, when authorized by the Borrower, may trade with itself in the purchase and sale of securities for such investment; provided, however, that in no case shall any investment be otherwise than in accordance with the investment limitations contained in the Bond Indenture and in the Tax Exemption Agreement. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investments.

The investment earnings on funds on deposit in the Project Fund shall be transferred to the Interest Fund. Except as described in the preceding sentence, all amounts in excess of the requirements of the funds (in the case of the Revenue Fund, Interest Fund and Bond Sinking Fund, the amounts expected to be used to make required debt service payments within 13 months of the date of deposit) derived from the investment of moneys on deposit in any such funds shall be deposited in the following funds, in the order listed:

(a) The Debt Service Reserve Fund, to the extent necessary to maintain the amount required to be on deposit therein;

(b) The Bond Sinking Fund to the extent of the amount required to be deposited therein to make the next required principal payment on the Series 2018A Bonds occurring within 13 months of the date of deposit;

(c) The Interest Fund to the extent of the estimated amount required to be deposited therein to make any interest payment on the Series 2018A Bonds occurring within 13 months of the date of deposit; and

(d) The balance, if any, in the Optional Redemption Fund.

ARBITRAGE; COMPLIANCE WITH TAX EXEMPTION AGREEMENT

The Authority covenants and agrees that it will not take any action or fail to take any action within its control with respect to the investment of the proceeds of any Bonds issued under the Bond Indenture or with respect to the payments derived from the Series 2018A Obligation and under the Loan Agreement or any other moneys regardless of the source or where held which may, notwithstanding compliance with the other provisions of the Bond Indenture, the Loan Agreement and the Tax Exemption Agreement, result in constituting any Series 2018A Bonds "arbitrage bonds" 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 within its control required by the Tax Exemption Agreement.

SUPPLEMENTAL BOND INDENTURES

Subject to the limitations set forth in the third paragraph under this caption, the Authority and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Bond Indenture, as shall not be inconsistent with the terms and provisions of the Bond

Indenture, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Bond Indenture; (b) to grant to or confer upon the Bond 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 and the Bond Trustee, or either of them; (c) to assign and pledge under or to subject to the Bond Indenture, additional revenues, properties or collateral; (d) to evidence the appointment of a separate co-bond trustee or the succession of a new bond trustee under the Bond Indenture; (e) to permit the qualification of the Bond 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 Series 2018A Bonds for sale under the securities laws of any state of the United States; (f) to permit the issuance of coupon bonds under the Bond Indenture and to permit the exchange of Series 2018A Bonds from registered form to coupon form and vice versa; (g) to provide for the refunding or advance refunding of any Bonds, including providing for the establishment and administration of an escrow fund and to take related action in connection therewith; (h) to modify, amend or supplement the Bond Indenture or any indenture supplemental to the Bond Indenture in such a manner as to permit certificated Series 2018A Bonds; (i) to permit continued compliance with the Tax Exemption Agreement; and (j) to make any other change that, in the judgment of the Bond Trustee, does not materially adversely affect the rights of any Bondholders.

The Authority and the Bond Trustee may not enter into a bond indenture or indentures supplemental to the Bond Indenture pursuant to clause (f) of the preceding paragraph unless they shall have received unless they shall have received a Favorable Opinion of Bond Counsel. The Bond Trustee may decline in its discretion to enter into an indenture supplemental to the Bond Indenture pursuant to the other clauses of the preceding paragraph unless it receives a Favorable Opinion of Bond Counsel with respect to the execution of such supplemental indenture.

In addition to supplemental bond indentures entered for the purposes set forth above, the Bond Trustee and the Authority may, at the request of the Borrower but without the consent of, or notice to, any of the Bondholders, enter into an indenture supplemental hereto in connection with any other amendment to the Bond Indenture.

In addition to supplemental indentures for the purposes set forth in the previous paragraphs of this caption and subject to the terms and provisions contained in this paragraph, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Series 2018A Bonds which are outstanding under the Bond Indenture at the time of the execution of such supplemental indenture, shall have the right, from time to time, anything contained in the Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Bond Trustee of such other indenture or indentures supplemental to the Bond Indenture 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 the Bond Indenture or in any supplemental indenture; provided, however, that nothing in the Bond Indenture shall permit, or be construed as permitting, a supplemental indenture to effect: (1) 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 redemption of any Bonds without the consent of the owners of such Bonds; (2) a reduction in the amount or extension of the time of any payment required to be made to or from the Interest Fund or the Bond Sinking Fund; (3) the creation of any lien prior to or on parity with the lien of the Bond Indenture, without the consent of the owners of all of the Series 2018A Bonds at the time outstanding; (4) a reduction in the aforesaid aggregate principal amount of Bonds the owners of which are required to consent to any such supplemental indenture, without the consent of the owners of all the Series 2018A Bonds at the time outstanding which would be affected by the action to be taken; or (5) a modification of the rights, duties or immunities of the Bond Trustee, without the written consent of the Bond Trustee.

If at any time the Authority shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes described in the preceding paragraph, the Bond Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each owner of Bonds as shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided under this caption. If the owners of the requisite principal amount of Bonds which are outstanding under the Bond Indenture at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as provided under this caption, no owner of any Series 2018A 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 Bond Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as under this

caption permitted and provided, the Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything in the Bond Indenture to the contrary notwithstanding, so long as the Members of the Obligated Group are not in default under the Master Indenture and the Borrower is not in default under the Loan Agreement, a supplemental indenture executed in accordance with the terms of the Bond Indenture described under this caption and the immediately preceding caption shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of such supplemental indenture.

DEFEASANCE

If the Authority shall pay or provide for the payment of the entire indebtedness on all Bonds (including, for these purposes, Series 2018A Bonds held by the Borrower) outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, moneys in an amount sufficient to pay or redeem (when redeemable) all Bonds outstanding (including the payment of premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof), *provided* that such moneys, if invested, shall be invested in United States Government Obligations which are not prepayable or callable prior to, but mature on a date on or prior to, the date the moneys therefrom are anticipated to be required in an amount, without consideration of any income or increment to accrue thereon, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective maturity dates; it being understood that the investment income on such Government Obligations may be used for any other purpose under the Act;

(c) by delivering to the Bond Trustee, for cancellation by it, all Bonds outstanding; or

(d) by depositing with the Bond Trustee, in trust, United States Government Obligations which are not prepayable or callable prior to, but mature on a date on or prior to, the date the moneys therefrom are anticipated to be required in such amount as will, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, and any uninvested cash, be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds outstanding at or before their respective maturity dates provided that the Bond Trustee shall be permitted to rely upon an accountant's verification report as conclusive evidence of the sufficiency of the amount of such deposit;

and if the Authority and the Borrower shall pay or cause to be paid all other sums payable under the Bond Indenture by the Authority, the Bond Indenture and the estate and rights granted thereunder shall cease, determine, and become null and void, and thereupon the Bond Trustee shall, upon Written Request of the Authority, and upon receipt by the Bond Trustee of an Officer's Certificate of the Borrower and an Opinion of Counsel, each addressed to the Authority and the Bond Trustee, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Bond Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Bond Indenture and the lien thereof.

The satisfaction and discharge of the Bond Indenture shall be without prejudice to the rights of the Bond Trustee to charge and be reimbursed by the Authority and the Borrower for any fees and expenditures which it may thereafter incur in connection therewith.

Any moneys, funds, securities, or other property remaining on deposit in the Revenue Fund, Interest Fund, Bond Sinking Fund, Optional Redemption Fund, Project Fund, Debt Service Reserve Fund, Expense Fund or in any other fund or investment under the Bond Indenture (other than said Government Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of the Bond Indenture, forthwith be transferred, paid over and distributed to the Borrower.

If the Authority shall pay or provide for the payment of a portion of the Series 2018A Bonds (including, for these purposes, Bonds held by any Member of the Obligated Group), in one or more of the ways described in the first paragraph of this caption such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Indenture. The liability of the Authority in respect of such Bonds shall continue but the owners thereof shall

thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or United States Government Obligations deposited with the Bond Trustee as indicated above.

None of the Series 2018A Bonds outstanding under the Bond Indenture may be refunded nor may the Bond Indenture be discharged if under any circumstances interest on the Series 2018A Bonds is thereby made subject to any federal income taxation to which such interest would not otherwise be subject. As a condition precedent to the provision for payment of any Series 2018A Bonds, the Bond Trustee shall receive a Favorable Opinion of Bond Counsel to the effect that such refunding will not result in the loss of any exemption for purposes of federal income taxation to which the interest on such Series 2018A Bonds would otherwise be entitled notwithstanding the satisfaction and discharge of the Bond Indenture.

REDEMPTION AFTER SATISFACTION OF BOND INDENTURE

Notwithstanding anything in the Bond Indenture to the contrary, upon the provision for payment of the Series 2018A Bonds or a portion thereof as specified in the Bond Indenture, the optional redemption provisions of the Bond Indenture allowing such Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of such Bonds having been made through a date after the first optional redemption date provided for in the Bond Indenture) shall remain available to the Authority, upon direction of the Borrower unless, in connection with making the deposits referred to in those sections, the Authority, at the direction of the Borrower, shall have irrevocably elected to waive any future right to call the Series 2018A Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary in the Bond Indenture, upon provision for payment of the Series 2018A Bonds or any portion thereof prior to the maturity thereof as specified in the Bond Indenture, the Authority, at the direction of the Borrower, may elect to restructure any escrow deposit account and to pay such Bonds on the respective maturity dates therefor unless, in connection with making the deposits referred to in such sections, the Authority, at the direction of the Borrower shall have irrevocably elected to waive the right to provide for the payment of such Bonds on their respective maturity dates. No such redemption or restructuring shall occur, however, unless the Borrower shall deliver on behalf of the Authority to the Bond Trustee (a) United States Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption date or dates selected, (b) an opinion of an independent certified public accountant verifying that such United States Government Obligations, together with the expected earnings thereon, and/or cash will be sufficient to provide for the payment of such Bonds to the redemption or maturity dates, and (c) a Favorable Opinion of Bond Counsel. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Series 2018A Bonds affected thereby.

EVENTS OF DEFAULT; ACCELERATION; REMEDIES

Events of Default. An "event of default" exists under the Bond Indenture in the event that:

(a) payment of any installment of interest payable on any of the Series 2018A 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, payable on any of the Series 2018A Bonds shall not be made when the same shall become due and payable, either at maturity, by proceedings for redemption, upon acceleration, through failure to make any payment to any fund under the Bond Indenture or otherwise; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Bond Indenture; or

(d) an order or decree shall be entered, appointing a receiver, receivers, custodian or custodians 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 90 days after the entry thereof; or

(e) any proceeding shall be instituted with the consent or acquiescence of the Authority, or any plan shall be entered into by 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 any part or all of the trust estate, including the revenues and other moneys derived by the Authority under the Series 2018A Obligation pledged under the Bond Indenture or the Loan Agreement; or

(f) the Authority (i) files a petition in bankruptcy or under Title 11 of the United States Code, as amended, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the trust estate, including the revenues and other moneys derived by the Authority under the Series 2018A Obligation pledged under the Bond Indenture or the Loan Agreement; or

(g) (i) the Authority is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against the Authority, the Authority is adjudged as bankrupt, (iii) an order, judgment or decree is 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 adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof or (iv) the Authority is generally not paying its debts as such debt becomes due; 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 thirty (30) days from the date of assumption of such custody or control; or

(j) any event of default as defined in the Loan Agreement or in the Master Indenture shall occur and such event of default shall be continuing from and after the date the Authority is entitled under the Loan Agreement to request that the Master Trustee declare the Series 2018A Obligation pledged under the Bond Indenture to be immediately due and payable, or such event of default shall be continuing from and after the date on which the Master Trustee is entitled under the Master Indenture to declare any Obligation immediately due and payable, or the Master Trustee shall declare any Obligation immediately due and payable; or

(k) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Series 2018A Bonds or in the Bond Indenture or any indenture supplemental to the Bond Indenture to be performed on the part of the Authority, and such default shall continue for the period of 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 Borrower by the Bond Trustee; provided, that the Bond Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than 10% in aggregate principal amount of the Series 2018A Bonds then outstanding under the Bond Indenture; provided, further, that, if such default cannot with due diligence and dispatch be wholly cured within thirty (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 under the Bond Indenture if the Authority shall use commercially reasonable efforts upon receipt of such notice to 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; or

(l) the Authority, the Borrower or the Bond Trustee shall default in the performance of any covenant, condition, agreement or provision of the Tax Exemption Agreement, and such default shall continue for the period of thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the party in default, the Borrower and the other party; *provided* that, if such default cannot with due diligence be wholly cured within thirty (30) days but can be wholly cured, the failure of the Authority, the Borrower or the Bond Trustee to remedy such default within such 30-day period shall not constitute a default under the Bond Indenture of any of the foregoing shall use commercially reasonable efforts after 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; or

(m) the default by the Borrower in the performance of its covenant under the Loan Agreement relating to the discharge, vacating, bonding or stay of any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture, such default being an event of default specified in the Loan Agreement.

Acceleration. Upon the happening of any event of default specified in paragraphs (c) through (m) of this caption, and the continuance of the same for the period, if any, specified in said paragraphs, the Bond Trustee, as the assignee of the Authority, may, without any action on the part of the Bondholders, and upon the happening of any event of default specified in subparagraphs (a) or (b) above, or upon the happening and continuance of any other event of default and the written request of the owners of not less than 25% in aggregate principal amount of the Series 2018A Bonds then outstanding under the Bond Indenture exclusive of Bonds then owned by the Authority or any Member of the Obligated Group or any affiliate of either, the Bond Trustee, as assignee of the Authority, shall, by notice in writing delivered to the Authority, declare the entire principal amount of the Series 2018A Bonds then outstanding under the Bond Indenture and the interest accrued thereon, immediately due and payable, and the entire principal and interest shall thereupon become and be immediately due and payable, subject, however, to the provisions with respect to waivers of events of default described under the heading "WAIVER OF EVENTS OF DEFAULT" below.

Remedies. Upon the occurrence of any event of default, the Bond Trustee may, without any action on the part of any Bondholder, pursue any available remedy, including a suit at law or in equity to (a) enforce the payment of the principal of, premium, if any, and interest on the Series 2018A Bonds outstanding under the Bond Indenture, (b) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the owners under, and require the Authority or the Borrower to carry out any agreements with or for the benefit of the owners of Series 2018A Bonds and to perform its or their duties under, the Act, the Series 2018A Obligation, the Loan Agreement and the Bond Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Loan Agreement or the Bond Indenture, as the case may be; (c) bring suit upon the Series 2018A Bonds; or (d) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of Series 2018A Bonds.

If an event of default shall have occurred, and if the Bond Trustee shall have been requested to do so by the owners of 25% in aggregate principal amount of Bonds then outstanding and the Bond Trustee shall have been indemnified as provided in the Bond Indenture, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the provisions of the Bond Indenture described under this heading as the Bond Trustee shall deem most expedient in the interests of the owners of Bonds; provided, however, that the Bond Trustee shall have the right to decline to comply with any such request if the Bond Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or the Bond Trustee in good faith shall determine that such action would be unjustly prejudicial to the owners of Bonds not parties to such request.

No remedy by the terms of the Bond Indenture conferred upon or reserved to the Bond Trustee (or the owners of Bonds) 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 Bond Trustee (or the owners of Bonds under the Bond Indenture) existing at law or in equity or by statute after the execution date of the Bond Indenture.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default, 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 default or event of default under the Bond Indenture, whether by the Bond Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

WAIVER OF EVENTS OF DEFAULT

The Bond Trustee may in its discretion waive any event of default under the Bond Indenture and its consequences and rescind any declaration of maturity of principal, and shall do so upon being indemnified to its satisfaction and upon written request of the owners of (1) at least a majority in aggregate principal amount of all such Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (2) at least a majority in aggregate principal amount of all such Bonds outstanding, in the case of any other event of default. The

foregoing notwithstanding, in no event shall there be waived (a) any event of default in the payment of the principal of any outstanding Bonds when due whether by mandatory redemption through the Bond Sinking Fund or at the dates of maturity specified therein or (b) any default in the payment, other than by reason of an acceleration of the Series 2018A Bonds, when due of the interest on any such Bonds, 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 Series 2018A Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all fees and expenses of the Bond Trustee and any Paying Agent in connection with such default shall have been paid or provided for, including, but not limited to, the reasonable fees of their counsel. In case of any such waiver or rescission or in case any proceeding taken by the Bond 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 Bond Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Bond Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

DIRECTION OF PROCEEDINGS

The owners of 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 Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture, including the enforcement of the rights of the Authority under the Loan Agreement or the appointment of a receiver or any other proceedings under the Bond Indenture; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Indenture.

APPLICATION OF MONEYS

All moneys received by the Bond Trustee by any receiver or by any Bondholder pursuant to any right given or action taken under the default provisions of the Bond Indenture shall, after payment of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and of reasonable fees and the reasonable expenses, liabilities and advances incurred or made by the Bond Trustee, be deposited in the Revenue Fund and all moneys so deposited during the continuance of an event of default (other than moneys for the payment of Series 2018A Bonds which have previously matured or otherwise become payable prior to such event of default or for the payment of interest due prior to such event of default), together with all moneys in the funds maintained by the Bond Trustee under the Bond Indenture, shall be applied as follows:

(a) Unless the principal of all the Series 2018A Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied first, to the payment to the Persons entitled thereto of all installments of interest then due on the Series 2018A Bonds, with interest on overdue installments, if lawful, at the rates per annum borne by the Series 2018A Bonds, in the order of the stated maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or privilege; second, to the payment to the Persons entitled thereto of the unpaid principal (including unpaid premium, if any) of any of the Series 2018A Bonds which shall have become due (other than Series 2018A Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Bond Indenture), with interest on such Series 2018A Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Series 2018A Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the Persons entitled thereto without any discrimination or privilege; third, to the payment of any other sums required to be paid by the Borrower pursuant to any provision of the Loan Agreement, the Bond Indenture or the Series 2018A Obligation; fourth, to the payment of any other sums required to be paid by the Borrower pursuant to any provision of the Master Indenture; fifth, to the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Exemption Agreement; and sixth, to the payment of the surplus, if any, to the Borrower, its successors or assigns upon the written request of the Borrower or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

(b) If the principal of all the Series 2018A Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied first, to the payment of the principal (including unpaid premium, if any) and interest then due and unpaid upon the Series 2018A Bonds, with interest on overdue interest and principal (including unpaid premium, if any), as aforesaid, without preference or

priority of principal (including unpaid premium, if any) over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Series 2018A Bond over any other Series 2018A Bond, ratably, according to the amounts due respectively for principal (including unpaid premium, if any) and interest, to the Persons entitled thereto without any discrimination or privilege; second, to the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Exemption Agreement; and third, to the payment of the principal and interest then due and unpaid upon Series 2018A Bonds with respect to which the payment of principal and interest has been extended as described in the Bond Indenture.

(c) If the principal of all the Series 2018A Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Bond Indenture, then, subject to the provisions of the preceding subparagraph (b) in the event that the principal of all the Series 2018A Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the preceding subparagraph (a). Notwithstanding the foregoing, any earnings on the moneys which the Bond Trustee holds which are not Allowable Earnings (as such term is defined in the Tax Exemption Agreement) must be distributed in accordance with the Tax Exemption Agreement.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of the Bond Indenture summarized under this caption, such moneys shall be applied by it at such times, and from time to time, as the Bond Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys (which shall not include the application of moneys upon the occurrence of an acceleration pursuant to the provisions of the Bond Indenture summarized under *"Acceleration"* above), it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable, or, with respect to payments of Defaulted Interest, shall be such date as is required by the Bond Indenture) 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 Bond 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 of the Special Record Date in accordance with the provisions of the Bond Indenture. The Bond Trustee shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

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 the Bond Indenture or for the execution of any trust of the Bond Indenture or for the appointment of a receiver or any other remedy under the Bond Indenture, unless a default shall have become an event of default, and the owners of 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Bond Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted by the Bond Indenture or to institute such action, suit or proceeding in its own name, and unless also they have offered to the Bond Trustee indemnity as provided in the Bond Indenture, and unless the Bond Trustee shall thereafter fail or refuse to exercise the power granted by the Bond Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of the Bond Indenture and to any action or cause of action for the enforcement of the Bond Indenture, or for the appointment of a receiver or for any other remedy under the Bond Indenture; it being understood and intended that no one or more owners of the Series 2018A Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Indenture by any action or to enforce any right under the Bond Indenture except in the manner provided in the Bond Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Indenture and for the equal benefit of the owners of all Bonds outstanding. Nothing in the Bond Indenture contained shall, however, affect or impair the right of any owner to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of and interest on each of the Series 2018A Bonds issued under the Bond Indenture to the respective owners thereof at the time and place, from the source and in the manner in said Bonds expressed.

REMOVAL OF THE BOND TRUSTEE

The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Bond Trustee, the Borrower and the Authority and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding. So long as no event of default has occurred and is continuing under the

Bond Indenture or the Loan Agreement and no event shall have occurred and is continuing which with the passage of time or the giving of notice would become such an event of default, the Bond Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing signed by Borrower and delivered to the Authority and the Bond Trustee. The foregoing notwithstanding, the Bond Trustee may not be removed by the Borrower unless written notice of the delivery of such instrument or instruments is mailed to the owners of all Series 2018A Bonds outstanding under the Bond Indenture, which notice indicates the Bond Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective upon the 90th day next succeeding the date of such notice. Such notice shall be mailed by first class mail postage prepaid to the owners of all such Bonds then outstanding at the address of such owners then shown on the Bond Register.

BOND TRUSTEE AS HOLDER OF THE SERIES 2018A OBLIGATION

The Bond Trustee shall be considered the holder of the Series 2018A Obligation.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The Borrower agrees that the proceeds of the Series 2018A Bonds being loaned to the Borrower as evidenced by the Series 2018A Obligation shall be deposited with the Bond Trustee and applied for the benefit of the Borrower as provided in the Bond Indenture.

REPRESENTATIONS

The Borrower is a not for profit corporation duly incorporated under the laws of the State of Illinois, is in good standing and duly authorized to conduct its business in the State, is duly authorized and has full power under all the laws of the State and all other applicable provisions of law and its Articles of Incorporation, as amended, and Bylaws to create, issue, enter into, execute, consent to the execution of and deliver, as the case may be, the Master Indenture, the Series 2018A Obligation, the First Supplemental Mortgage, this Official Statement, the Tax Exemption Agreement, the Purchase Contract, the Continuing Disclosure Agreement and the Loan Agreement (collectively, the *"Borrower Agreements"*), and all action on its part necessary for the valid execution and delivery of the Borrower Agreements has been duly and effectively taken.

PAYMENT OF SERIES 2018A BONDS; ASSIGNMENT OF RIGHTS UNDER THE LOAN AGREEMENT AND THE SERIES 2018A OBLIGATION

The Borrower agrees that the principal of, the redemption premium, if any, and the interest on the Series 2018A Bonds shall be made payable in accordance with the provisions of the Bond Indenture and the Loan Agreement and that the Loan Agreement and payments to be made thereunder and thereon (excluding Unassigned Rights) and the Series 2018A Obligation shall be assigned and pledged to the Bond Trustee to secure the payment of the Series 2018A Bonds. The Borrower agrees that the Series 2018A Obligation, the Loan Agreement and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Authority thereunder (except Unassigned Rights), may be protected and enforced in conformity with the Bond Indenture and may be thereby assigned by the Authority to the Bond Trustee as additional security for the Series 2018A Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of the Loan Agreement, the Master Indenture and the Bond Indenture.

PAYMENTS IN RESPECT OF THE SERIES 2018A OBLIGATION AND THE LOAN AGREEMENT

Under the terms of the Loan Agreement, the Borrower agrees to pay the Bond Trustee such amounts at such times as to provide for payment of the principal of, premium, if any, and interest on the Outstanding Series 2018A Bonds under the Bond Indenture when due, whether upon a scheduled Interest Payment Date, at maturity, by mandatory or optional redemption, acceleration or otherwise upon the Series 2018A Bonds. The Loan Agreement also requires that the Borrower pay certain other charges which may be incurred for such items as the Bond Trustee's and the Master Trustee's fees, the Authority's fees and expenses, taxes and assessments, if any, and costs incurred in connection with the Series 2018A Bonds. All payments due on the Series 2018A Obligation, except for certain enumerated payments described in the Loan Agreement, shall be paid directly to the Bond Trustee and applied in the manner provided in the Bond Indenture.

THE BORROWER'S OBLIGATIONS UNCONDITIONAL

The Authority and the Borrower agree that the Borrower shall bear all risk of damage or destruction in whole or in part to its Property or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of such Property or the compliance by the Borrower with any of the terms of the Loan Agreement. In furtherance of the foregoing, but without limiting any of the other provisions of the Loan Agreement, the Borrower agrees that its obligations to pay the principal, premium, if any, and interest on the Series 2018A Obligation, to pay the other sums provided for by the Loan Agreement and to perform and observe its other agreements contained in the Loan Agreement shall be absolute and unconditional and that the Borrower shall not be entitled to any abatement or diminution thereof nor to any termination of the Loan Agreement for any reason whatsoever.

CERTAIN COVENANTS OF THE BORROWER RELATING TO THE USE AND OPERATION OF CERTAIN OF ITS PROPERTY

The Borrower agrees under the Loan Agreement that it will use the Bond Financed Property primarily as health facilities and related activities and only in furtherance of the lawful corporate purposes of the Borrower; will use the Bond Financed Property as a "project" within the meaning of the Act; and will operate all its Property on a nondiscriminatory basis. The Borrower also agrees that it will not permit any of the Bond Financed Property to be used (i) by any Person in an "unrelated trade or business" (as defined in Section 513(a) of the Code) of the Borrower (without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code), or (ii) by any Person who is not a Tax-Exempt Organization, in either case in such manner or to such extent as would result in the loss of tax exemption of interest on the Series 2018A Bonds otherwise afforded under Section 103(a) of the Code.

The Borrower further agrees that it will not use or permit to be used, any of the Bond Financed Property: (i) primarily for sectarian instruction or study or as a place of devotional activities or religious worship or as a facility used primarily in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis, nuns or other similar persons in the field of religion or (ii) in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or by any comparable provisions of the Constitution of the State of Illinois and decisions of the Supreme Court of the State interpreting the same.

The Borrower agrees that during the term of the Loan Agreement, the Authority, the Bond Trustee, and their duly authorized agents shall have the right, but shall be under no duty or obligation to exercise this right, during regular business hours, with reasonable notice, to enter upon the premises and examine and inspect the Bond Financed Property, subject to such limitations, restrictions and requirements as the Borrower may reasonably prescribe.

TRANSFER OF ASSETS

The Borrower covenants and agrees that it will not sell, lease or otherwise dispose, of any Property except as permitted by the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – SALE, LEASE OR OTHER DISPOSITION OF PROPERTY." The provisions of the Master Indenture notwithstanding, the Borrower covenants and agrees that it will not sell, lease or otherwise dispose, directly or indirectly, in whole or in part, any portion of the Bond Financed Property unless the conditions of the Project Certificate are satisfied.

INDEMNIFICATION OF THE AUTHORITY AND THE BOND TRUSTEE

The Borrower will pay, and will protect, indemnify and save the Authority and the Bond Trustee and their respective past, present and future members, officers, directors, employees, agents, successor, assigns and any other person, if any, who "controls" the Authority or the Bond Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended (the Authority, the Bond Trustee and the other listed persons, collectively referred to as, the *"Indemnified Persons"*) harmless from and against any and all liabilities, losses, damages, taxes, penalties, costs and expenses (including attorneys' fees and expenses of the Authority and Bond Trustee), causes of action, suits, proceedings, claims, demands, tax reviews, investigations and judgments of whatsoever kind and nature (including, but not limited to, those arising or resulting from any injury to or death of

any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

(i) the use, financing, non-use, condition or occupancy of the Bond Financed Property, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any such Bond Financed Property including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with such Bond Financed Property or used in connection therewith but which are not the result of the gross negligence of the Authority or the Bond Trustee;

(ii) a violation by the Borrower of any agreement, warranty, covenant or condition of the Loan Agreement or any other agreement executed in connection with the Loan Agreement;

(iii) a violation of any contract, agreement or restriction by the Borrower relating to the Bond Financed Property;

(iv) a violation of any law, ordinance, rule, regulation or court order affecting the Bond Financed Property or the ownership, occupancy or use thereof or the Series 2018A Bonds or use of the proceeds thereof;

(v) a violation of any law, ordinance, rule, regulation or court order relating to the sale of the Series 2018A Bonds or the use of any official statement (or other disclosure document) related thereto;

(vi) any statement or information concerning the Borrower, any of its officers and members, its operations or financial condition generally or the Bond Financed Property, contained in any official statement or supplement or amendment thereto furnished to the Authority or the purchaser of any Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Borrower, any of its officers and members and the Bond Financed Property not misleading in any material respect, *provided* that such official statement or supplement or amendment has been approved by the Borrower; and

(vii) the acceptance or administration of the Bond Indenture, including without limitation the enforcement of any remedies under the Bond Indenture and related documents; *provided,* that the Bond Trustee shall not be entitled to any indemnity related to liabilities described in this clause caused solely by the negligence or bad faith of the Bond Trustee.

In case any claim shall be made or any action shall be brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Borrower pursuant to any of the paragraphs above, the Indemnified Party seeking indemnity shall promptly notify the Borrower, in writing, and the Borrower shall promptly assume the defense thereof, including the employment of counsel chosen by the Borrower and approved by the Authority or Bond Trustee, or if applicable both (*provided,* that such approval by the Authority or Bond Trustee shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Borrower or that the defense of such Indemnified Person should be handled by separate counsel, the Borrower shall not have the right to assume the defense of such Indemnified Person, but the Borrower shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Borrower shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Authority or Bond Trustee within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Borrower. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless the employment of such counsel has been specifically authorized in writing by the Borrower or unless the provisions of the immediately preceding sentence are applicable. The Borrower shall not be liable for any settlement of any such action affected without the consent of the Borrower, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

The Borrower shall also indemnify the Authority, the Bond Trustee and such Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Borrower under the Loan Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by the Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the Authority and which is authorized by the Loan Agreement or any related agreement. If the Authority is to take any action under the Loan Agreement or any other instrument executed in connection with the Loan Agreement for the benefit of the Borrower, it will do so if and only if (i) the Authority is a necessary party to any such action or proceeding, and (ii) the Authority has received specific written direction from the Borrower, as required under the Loan Agreement or under any other instrument executed in connection with the Loan Agreement, as to the action to be taken by the Authority.

All amounts payable to the Authority under the provisions of the Loan Agreement summarized under this caption shall be deemed to be fees and expenses payable to the Authority for the purposes of the provisions of the Loan Agreement and of the Bond Indenture dealing with assignment of the Authority's rights under the Loan Agreement. The Authority and its members, officers, agents, employees and their successors and assigns shall not be liable to the Borrower for any reason.

Any provision of the Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Authority retains the right to (i) enforce any applicable Federal or State law or regulation or resolution of the Authority, and (ii) enforce any rights accorded to the Authority by Federal or State law or policy or procedure of the Authority, and nothing in the Loan Agreement shall be construed as an express or implied waiver thereof.

The obligations of the Borrower under the provisions of the Loan Agreement summarized under this caption shall survive the termination of the Loan Agreement and the resignation or removal of the Bond Trustee.

MAINTENANCE OF CORPORATE EXISTENCE AND STATUS

Notwithstanding the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – MERGER, CONSOLIDATION, SALE OR CONVEYANCE," unless the Borrower complies with the following provisions summarized under this caption, the Borrower agrees that as long as any Series 2018A Bonds are outstanding it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger of the Borrower shall be subject to the following conditions:

(a) no event of default exists under the Loan Agreement, the Bond Indenture or the Borrower Agreements and no event of default thereunder will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes (or if the surviving entity is the Borrower, affirms) in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Agreements;

(c) neither the validity nor the enforceability of the Series 2018A Bonds, the Bond Indenture or the Borrower Agreements is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(d) the exclusion of the interest on the Series 2018A Bonds from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act and the Bond Indenture are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;

(e) the Bond Financed Property continues to be as described as in the Loan Agreement;

(f) any successor to the Borrower shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

(g) the Authority has executed a certificate acknowledging receipt and approval of all documents, information and materials required by the provisions of the Loan Agreement summarized under this caption.

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Authority and the Bond Trustee (i) an opinion of Bond Counsel, in form and substance satisfactory to the Authority, as to item (d) above, (ii) an opinion of Independent Counsel, in form and substance satisfactory to the Authority, as to the legal, valid and binding nature of items (b) and (c) above, (iii) a certificate of the Borrower, in form an substance satisfactory to the Authority, as to items (a), (e) and (f), and (iv) a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger.

DISCHARGE OF ORDERS, ETC.

The Borrower covenants to cause any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture to be discharged, vacated, bonded or stayed within 90 days after such filing (which 90-day period shall be extended for so long as the Borrower is contesting such process in good faith), but, notwithstanding the foregoing, in any event not later than five days prior to any proposed execution or enforcement with respect to such filing or any transfer of moneys or investments pursuant to such filing.

RATES AND CHARGES

The Borrower covenants and agrees to operate its existing Facilities primarily as revenue producing senior housing or health care related facilities or as facilities related thereto or for any other lawful purpose or activity and to operate all of its Property on a nondiscriminatory basis, to charge such fees and rates for its Facilities and services and to exercise such skill and diligence as to provide income from such Property together with other available funds sufficient to pay promptly all expenses of operation, maintenance and repair of such Property, all amounts owing on the Series 2018A Obligation and to pay all other payments required to be made by the Borrower under the Loan Agreement and under the Master Indenture to the extent permitted by law. The Borrower further covenants and agrees that it will from time to time as often as necessary, to the extent permitted by law, revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of the Loan Agreement summarized in this paragraph. The provisions of the Loan Agreement summarized in this paragraph shall not be construed to prohibit the Borrower from serving indigent residents to the extent required for it to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Borrower from satisfying the other requirements of the Loan Agreement summarized in this paragraph.

LICENSURE

The Borrower warrants that its existing Facilities have all material state and local licenses required for the operation thereof. The Borrower will obtain and maintain or cause to be obtained and maintained, all such licenses required for the operation of its Facilities and will use its best efforts to obtain and maintain or cause to be obtained and maintained such licensure, so long as it is in the best interests of the Borrower and the Series 2018A Bondholders, as determined by the Borrower.

FINANCIAL STATEMENTS

The Borrower covenants that it will keep proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Borrower in accordance with generally accepted principles of accounting consistently applied (except as stated in the notes thereto), and will furnish the materials and notices required to be delivered to the Master Trustee under the provisions of the Master Indenture summarized in APPENDIX D under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – FINANCIAL STATEMENTS AND RELATED MATTERS" to the Authority, to the Bond Trustee and to any requesting holder or holders of the Series 2018A Bonds.

The Authority and the Borrower, may without the consent of or notice to the holders of the Series 2018A Bonds, amend or modify the Loan Agreement or any provision thereof, in any manner not inconsistent with the terms and provisions of the Bond Indenture or the Loan Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Loan Agreement; (b) to grant to or confer upon the Authority or Bond Trustee, for the benefit of the Bond Owners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Bond Trustee; (c) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Series 2018A Bonds; (d) to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Bond Trustee and the Borrower deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Series 2018A Bonds; (e) to provide that Series 2018A Bonds may be secured by additional security not otherwise provided for in the Bond Indenture or the Loan Agreement; (f) to provide for the appointment of a successor securities depository; (g) to provide for the availability of certificated Bonds; (h) to provide for changes in the components of the Project, to the extent permitted by the Bond Indenture and the Loan Agreement; and (i) to make any other change in the Loan Agreement which, in the judgment of the Bond Trustee, does not materially adversely affect the rights of the Bond Trustee or the holders of the Series 2018A Bonds, the Authority or the Borrower; provided, however, that nothing in the provisions described in this paragraph shall permit, or be construed as permitting, any amendment, change or modification of the Loan Agreement that may result in any amendment, change or modification described in the numbered clauses in the third paragraph under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – SUPPLEMENTAL BOND INDENTURES" above with respect to supplemental indentures, without the consent of each Bondholder affected.

Except for the amendments, changes or modifications as summarized in the preceding paragraph, neither the Authority, the Borrower nor the Bond Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent, given and procured as provided in this paragraph, of the owners of not less than a majority in aggregate principal amount of the Series 2018A Bonds which are outstanding under the Bond Indenture at the time of execution of any such amendment, change or modification; provided, however, that none of the provisions of the Bond Indenture summarized in this paragraph shall permit, or be construed as permitting, any amendment, change or modification of the Loan Agreement that may result in any amendment, change or modification described in the numbered clauses in the third paragraph under "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — SUPPLEMENTAL BOND INDENTURES" without the consent of each Bondholder affected. If at any time the Authority and the Borrower shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as summarized in the third paragraph under the subcaption "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE – SUPPLEMENTAL BOND INDENTURES" above with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to give such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as described in this paragraph. If the owners of not less than a majority in aggregate principal amount of the Series 2018A Bonds outstanding under the Bond Indenture at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as provided in the Bond Indenture, 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 Bond Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Additionally, subject to the terms and provisions summarized under this subcaption, the Bond Trustee may grant such waivers of compliance by the Borrower with provisions of the Loan Agreement as to which the Bond Trustee may deem necessary or desirable to effectuate the purposes or intent of the Loan Agreement and which, in the opinion of the Bond Trustee, do not have a material adverse effect upon the interests of the Bondholders, or the Bond Trustee shall grant such waivers of compliance upon receipt of consent by 100% of the Bondholders, provided that the Bond Trustee shall file with the Authority any and all such waivers granted by the Bond Trustee within three (3) Business Days thereof.

Under no circumstances shall any amendment to the Loan Agreement alter the Series 2018A Obligation pledged under the Bond Indenture regarding the payments of principal, premium, if any, and interest thereon, in a manner materially adverse to the interest of the holder of any Series 2018A Bond, without the consent of the owners of all the Series 2018A Bonds outstanding.

DEFAULTS AND REMEDIES

The occurrence and continuance of any of the following events shall constitute an "event of default" under the Loan Agreement:

(a) failure of the Borrower to pay any installment of principal, interest or premium on the Series 2018A Obligation or any other payment required by the Loan Agreement when the same shall become due and payable, whether upon a scheduled Interest Payment Date, at maturity, upon any date fixed for prepayment or by acceleration or otherwise, and the continuance of any such failure for five days; or

(b) failure by the Borrower to perform or comply with any of the covenants, conditions or provisions of the Loan Agreement or of the Tax Exemption Agreement and failure to remedy such default within 30 days after written notice thereof from the Authority to the Borrower; provided, however, that if failure to comply with or perform such covenants, conditions or provisions cannot be remedied within 30 days, but can be remedied, no "event of default" shall be deemed to have occurred or to exist if the Authority in its sole discretion, shall consent to the Borrower commencing corrective action and the Borrower diligently pursues such corrective action until it shall have complied with or performed such covenants, conditions or provisions within a period of 60 days after the initial notice provided by the Authority or the Bond Trustee; or

(c) if any representation or warranty made by the Borrower in the Loan Agreement or in any statement or certificate furnished to the Authority or the Bond Trustee or the purchaser of any Series 2018A Bonds in connection with the sale of Series 2018A Bonds or furnished by the Borrower pursuant to the Loan Agreement including, without limitation, statements in this Official Statement, proves untrue in any material respect as of the date of the issuance or making thereof; or

(d) any event of default shall occur under the Master Indenture which would permit the acceleration of any Obligation; or

(e) if the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Borrower or for the major part of its Property; or

(f) if a trustee, custodian or receiver is appointed for the Borrower or for the major part of its Property and is not discharged within 60 days after such appointment; or

(g) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Borrower (other than bankruptcy proceedings instituted by the Borrower against third parties), and if instituted against the Borrower are allowed against the Borrower or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(h) if payment of any installment of interest, principal or premium on any Series 2018A Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture; or

(i) failure of the Borrower to comply with or perform its obligations summarized under the subcaption "DISCHARGE OF ORDERS, ETC." above.

Whenever any event of default shall have occurred and be continuing under the Loan Agreement:

(a) *Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration.* The Authority may at its discretion, by written notice to the Borrower, request that the Master Trustee declare the principal of the Series 2018A Obligation (if not then due and payable) to be due and payable immediately and such principal shall thereupon become immediately due and payable as if all of the sums of money payable thereunder were originally stipulated to be paid on such accelerated payment date, anything in the Series 2018A Obligation or in the Loan Agreement to the contrary notwithstanding. The Authority shall request that the Master Trustee declare the principal of the Series 2018A Obligation due and payable immediately upon the occurrence of any of the defaults described in subparagraphs (a), (e), (f), (g) or (h) above. This provision, however, is subject to the condition that if, at any time after the principal of any of the Series 2018A Obligation shall have been so declared and become due and payable, all arrears of interest, if any, upon the Series 2018A Obligation and the expenses of the Authority shall be paid by the Borrower, and every other default in the observance or performance of any covenant, condition or agreement in the Series 2018A Obligation or in the Loan Agreement contained shall be made good, or be secured, to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall be made therefor, then and in every such case the Authority by written notice to the Borrower may waive the event of default by reason of which the principal of the Series 2018A Obligation shall have been so declared and become due and payable and may rescind and annul such declaration and its consequences; provided, however, that there shall not be waived any event of default in the payment of the principal payable on the Series 2018A Bonds when due whether by mandatory or optional redemption or at the date of maturity specified therein; and provided further that no such waiver, rescission or annulment shall extend to or affect any subsequent event of default or impair any right consequent thereon. The Authority may by written notice to the Master Trustee, request that it declare the principal of the Series 2018A Obligation (if not then due and payable) to be due and payable immediately, subject to the provisions of the Master Indenture summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE MORTGAGE – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – WAIVER OF EVENTS OF DEFAULT" in APPENDIX D to this Official Statement, anything in the Series 2018A Obligation or in the Loan Agreement contained to the contrary notwithstanding.

(b) *Right to Bring Suit, Etc.* The Authority, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by pursuing any available remedy including a suit or suits in equity or at law, whether for damages or for the specific performance of any obligation, covenant or agreement contained in the Series 2018A Obligation, in the Loan Agreement or in the Master Indenture, or in aid of the execution of any power granted in the Loan Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Authority shall deem most effectual to collect the payments then due and thereafter to become due on the Series 2018A Obligation, to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, under the Series 2018A Obligation or under the Master Indenture or to protect and enforce any of the Authority's rights or duties thereunder.

EXCHANGE OF SERIES 2018A BONDS

In the event the Act or the Authority created thereunder is determined to be unconstitutional under the laws of the State or under the laws of the United States of America, and as a result thereof, the Series 2018A Bonds issued by the Authority are declared to be invalid and unenforceable, and if as a result thereof the obligation of the Borrower to make payments on the Series 2018A Obligation pledged under the Bond Indenture is determined to be unenforceable, then the Borrower agrees that it will issue its own bonds (the interest on which may not be exempt from federal income tax) in exchange for the Series 2018A Bonds, principal amount for principal amount, having the same rate or rates of interest, maturity, redemption provisions, and prepayment provisions as are then applicable to the Series 2018A Bonds being exchanged. The Series 2018A Bonds to be issued by the Borrower will be issued under an indenture having substantially the same terms and provisions as the Bond Indenture, the Loan Agreement and the Master Indenture and such bonds of the Borrower will be issued thereunder in exchange for the Series 2018A Bonds surrendered by the holders thereof. Notice of any such exchange shall be given as provided for redemption of the Series 2018A Bonds under the Bond Indenture and the expenses of such exchange, including the printing of the Series 2018A Bonds and other reasonable expenses in connection therewith, shall be borne by the Borrower.

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

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APPENDIX F

FORM OF OPINION OF BOND COUNSEL

December 20, 2018

Illinois Finance Authority
Chicago, Illinois

B.C. Ziegler and Company
Chicago, Illinois

Westminster Village, Inc.
Bloomington, Illinois

UMB Bank, N.A., as bond trustee
Minneapolis, Minnesota

Re: $39,670,000 Illinois Finance Authority
Revenue Bonds, Series 2018A
(Westminster Village)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Illinois Finance Authority (the *"Authority"*) of its $39,670,000 Revenue Bonds, Series 2018A (Westminster Village) (the *"Series 2018A Bonds"*). The Series 2018A Bonds are issued under the provisions of the Illinois Finance Authority Act, as amended (the *"Act"*), and under and pursuant to that certain Bond Trust Indenture dated as of December 1, 2018 (the *"Series 2018A Bond Indenture"*), between the Authority and UMB Bank, N.A., as bond trustee (the *"Bond Trustee"*).

The proceeds from the sale of the Series 2018A Bonds are being loaned by the Authority to Westminster Village, Inc., an Illinois not for profit corporation (the *"Borrower"*), pursuant to the Series 2018A Loan Agreement dated as of December 1, 2018 (the *"Series 2018A Loan Agreement"*), between the Borrower and the Authority for the purpose of providing funds to be used to (i) refund all of the outstanding (a) Illinois Finance Authority Revenue Bonds, Series 2013 (Westminster Village Project) (the *"Series 2013 Bonds"*), (b) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017A (Westminster Village Project) (the *"Series 2017A Bonds"*) and (c) Illinois Finance Authority Variable Rate Revenue Bonds, Series 2017B (Westminster Village Project) (the *"Series 2017B Bonds"* and, collectively with the Series 2013 Bonds and the Series 2017A Bonds, the *"Prior Bonds"*); (ii) fund a debt service reserve fund; and (iii) pay certain expenses incurred in connection with the issuance of the Series 2018A Bonds and the refunding of the Prior Bonds, all as permitted by the Act.

In order to secure the payment of the Series 2018A Bonds, the Borrower, concurrently with the issuance and delivery of the Series 2018A Bonds, is issuing and delivering to the Authority, and the Authority is assigning to the Bond Trustee, all of its right, title and interest in and to the Borrower's $39,670,000 Direct Note Obligation, Series 2018A (Illinois Finance Authority) (the *"Series 2018A Obligation"*) dated the date hereof and issued pursuant to the Amended and Restated Master Trust Indenture dated as of December 1, 2018 (the *"Master Indenture"*), between the Borrower, as the sole member of the obligated group created thereunder, and UMB Bank, N.A., as master trustee (the *"Master Trustee"*). Pursuant to the terms of the Series 2018A Loan Agreement and the Series 2018A Obligation, the Borrower is obligated to make payments sufficient to pay the principal of, premium, if any, and interest on the Series 2018A Bonds. Pursuant to the terms of the Master Indenture, the Borrower and each other entity which hereafter executes the Master Indenture (individually, a *"Member"* and collectively, the *"Obligated Group"*) agree to be jointly and severally liable (subject to the Master Indenture's provisions permitting a Member to leave the Obligated Group) on all Obligations (as defined in the Master Indenture) issued under the Master Indenture, including the Series 2018A Obligation.

The Series 2018A Obligation and all other Obligations hereinafter issued under the Master Indenture are secured in part by a Mortgage and Security Agreement dated as of May 1, 2017 (the *"Existing Mortgage"*) as amended by the First Supplemental Mortgage and Security Agreement dated as of December 1, 2018 (the *"First Supplemental Mortgage"* and, together with the Existing Mortgage, the *"Mortgage"*), by the Borrower, as mortgagor, in favor of the Master Trustee, as mortgagee.

The Series 2018A Bonds have been sold to B.C. Ziegler and Company (the *"Underwriter"*), pursuant to the Bond Purchase Agreement dated December 6, 2018 (the *"Purchase Contract"*), among the Underwriter, the Authority and the Borrower.

In connection with the sale of the Series 2018A Bonds, the Borrower has executed and delivered an Official Statement dated December 6, 2018 (the *"Official Statement"*).

Concurrently with the issuance of the Series 2018A Bonds, the Authority will issue its Variable Rate Revenue Bonds, Series 2018B (Westminster Village Project) (the *"Series 2018B Bonds"*) and its Variable Rate Revenue Bonds, Series 2018C (Westminster Village Project) (the *"Series 2018C Bonds"* and, together with the Series 2018A Bonds and the Series 2018B Bonds, the *"Combined Bonds"*) pursuant to two separate Bond Trust Indentures, each dated as of December 1, 2018 (collectively, with the Series 2018A Bond Indenture, the *"Bond Indentures"*) between the Authority and the Bond Trustee.

The proceeds of the Series 2018B Bonds and the Series 2018C Bonds will be loaned to the Borrower pursuant to the provisions of two separate Loan Agreements, each dated as of December 1, 2018 between the Authority and the Borrower.

The proceeds of the Series 2018B Bonds and the Series 2018C Bonds will be used to (i) pay or reimburse the Borrower for certain costs of acquiring, constructing, renovating, remodeling and equipping certain facilities of the Borrower, including, but not limited to, the construction of an approximately 80,500 square foot facility consisting of approximately 60 assisted living units and approximately 12 memory care units and the conversion of approximately 52 existing assisted living units to independent living apartments totaling approximately 47,269 square feet, located at the Borrower's continuing care retirement community known as Westminster Village in Bloomington, Illinois, (ii) pay a portion of the interest on the Series 2018B Bonds and the Series 2018C Bonds and (iii) pay certain expenses incurred in connection with the issuance of the Series 2018B Bonds and the Series 2018C Bonds.

The Combined Bonds are considered a single issue for purposes of federal income taxation. In connection with the issuance of the Combined Bonds, the Borrower, the Authority and the Bond Trustee have executed a Tax Exemption Certificate and Agreement dated the date hereof (the *"Tax Agreement"*). The Tax Agreement places certain restrictions on the investment of moneys held in the funds established by the Bond Indentures and which, under certain circumstances, would require the transfer of certain moneys held in such funds to a Rebate Fund created under the Tax Agreement.

As bond counsel, we have examined the following:

a. certified copies of the proceedings of the Authority authorizing or approving, among other things, the execution and delivery of the Series 2018A Bond Indenture, the Series 2018A Loan Agreement, the Purchase Contract and the Tax Agreement, the use and distribution of the Preliminary Official Statement dated November 16, 2018 and the Official Statement and the issuance and sale of the Series 2018A Bonds;

b. an executed Official Statement, the executed Series 2018A Obligation and executed counterparts of the Series 2018A Bond Indenture, the Series 2018A Loan Agreement, the First Supplemental Mortgage, the Purchase Contract, the Master Indenture and the Tax Agreement;

c. a specimen Series 2018A Bond;

d. executed opinions, each dated the date hereof, of Nixon Peabody LLP, special counsel to the Authority; Miller, Hall & Triggs, LLC, special counsel to the Borrower; and Thompson Coburn LLP, special counsel to the Underwriter; and

e. such other documents and showings and related matters of law as we have deemed necessary in order to enable us to render this opinion.

Based upon the foregoing and in reliance upon certain documents and showings hereinafter referred to, we are of the opinion that:

1. The Series 2018A Bond Indenture, the Series 2018A Loan Agreement, the Purchase Contract and the Tax Agreement have been duly authorized by all necessary action on the part of the Authority, have been duly executed and delivered by authorized officers of the Authority and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting creditors' rights generally and by the availability of equitable remedies, and except to the extent that the enforcement of the indemnification provisions of the Series 2018A Loan Agreement and the Purchase Contract may be limited by federal or state securities laws.

2. The Series 2018A Bonds have been duly authorized by all necessary action on the part of the Authority, have been duly executed by authorized officers of the Authority, authenticated by the Bond Trustee and validly issued by the Authority and constitute, under the laws of the State of Illinois now in force, the legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies, and the Series 2018A Bonds are entitled to the benefits and security of the Series 2018A Bond Indenture.

3. Subject to compliance by the Authority and the Borrower with certain covenants with respect to the Combined Bonds, under present law, interest on the Series 2018A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with such covenants of the Authority and the Borrower could cause the interest on the Series 2018A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2018A Bonds. Ownership of the Series 2018A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2018A Bonds.

4. The Series 2018A Bond Indenture creates a valid assignment to the Bond Trustee of the rights of the Authority in and to the Series 2018A Loan Agreement (with certain limited exceptions referred to in the Series 2018A Bond Indenture).

We make no statement and render no opinion with respect to the enforceability, the effectiveness or the priority of the Mortgage.

In rendering this opinion, we have relied upon the opinion of Miller, Hall & Triggs, LLC, counsel to the Borrower, referred to in paragraph (d) above, with respect to, among other things, (i) the status of the Borrower as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of the Code and (ii) the validity and binding effect upon and enforceability against the Borrower of the Series 2018A Loan Agreement, the Series 2018A Obligation, the Master Indenture, the Tax Agreement, the Mortgage and the Purchase Contract, subject to the exceptions set forth in said opinion.

In rendering the opinions in paragraph 3 hereof, we have relied upon certificates of even date herewith of the Borrower with respect to certain material facts solely within the knowledge of the Borrower relating to the property to be financed and refinanced with the proceeds of the Combined Bonds and the application of the proceeds of the Combined Bonds.

In rendering this opinion, we have also relied upon certifications of the Authority with respect to certain material facts within the knowledge of the Authority.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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