

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY THE COUNTY OF LAKE, ILLINOIS OF ITS MULTIFAMILY HOUSING REVENUE BONDS (BROOKSTONE APARTMENTS PROJECT), SERIES 2007, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10 MILLION (THE "BONDS") ON BEHALF OF BROOKSTONE APARTMENTS LP; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A LOAN AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A BOND PURCHASE AGREEMENT AND RELATED DOCUMENTS; AND RELATED MATTERS.

WHEREAS, The County of Lake, Illinois (the "Issuer") is a duly constituted and validly existing unit of local government under Section 1 of Article VII the 1970 Constitution of the State of Illinois and is a political subdivision operating under the general laws of the State of Illinois and is not a home rule unit of local government; and is authorized pursuant to the Industrial Building Revenue Bond Act, 50 ILCS, 445/1 *et seq.* (2006), as amended (the "Act"), to issue its special, limited obligation revenue bonds for the purpose of providing financing in whole or in part, for an "industrial project," as defined in Section 2 of the Act, and located within the physical boundaries of the Issuer; and

WHEREAS, in order to finance, in whole or in part, the costs of the acquisition, construction, rehabilitation and equipping of an approximately 168-unit multi-family residential rental apartment community, known as the Brookstone Apartments, to be occupied substantially by persons of low and moderate income, including improvements to roads, walkways, parking lots, landscaping and site improvements in connection therewith, to be owned and operated by the Brookstone Apartments, LP, an Illinois limited partnership (the "Borrower"), which, based solely on information supplied by the Borrower, on which it is reasonable for the Issuer to rely, including an opinion of bond counsel to be provided to the Issuer prior to the issuance of the Bonds (as hereinafter defined), upon completion will constitute an "industrial project," as defined in Section 2 of the Act, to be located in the city of Waukegan, Lake County, Illinois (the "Project"), the Borrower now requests that the Issuer finance, in whole or in part, costs of the Project through the issuance and sale of the Issuer's Multifamily Housing Revenue Bonds (Brookstone Apartments Project), Series 2007, in an aggregate principal amount not to exceed \$10 million (the "Bonds"); and

WHEREAS, the estimated cost of the Project is at least \$15 million; and

WHEREAS, the Project is and will be located in the city of Waukegan, Lake County, Illinois, and will be owned and operated by the Borrower; and

WHEREAS, the Borrower has represented that it intends to employ and/or retain two (2) new full time and two (2) new part time employees at the site of the Project within three (3) years and the Borrower's contractors/subcontractors will employ an average of twenty (20) additional employees/contractors at the site of the Project during the renovation period; and

WHEREAS, based upon information supplied by the Borrower, the Issuer has now determined that it is necessary and in the public interest for the Issuer to issue the Bonds pursuant to this Resolution and the agreements and other documents approved herein; and

WHEREAS, the Bonds shall not be a charge against the general revenues or the taxing powers of the Issuer, but shall be payable solely from the proceeds of the Bonds issued to finance, in whole or in part, the Project, the earnings on such proceeds, and the revenues and receipts derived from payments made by the Borrower, and no owner of any of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois, or any political subdivision thereof to pay the Bonds or the interest or any premium thereon, and the Bonds and the interest thereon shall not constitute an indebtedness or a loan of credit of the Issuer, the State of Illinois, or any political subdivision thereof; and

WHEREAS, in order to issue the Bonds on a tax-exempt basis under the Internal Revenue Code of 1986, as amended (the "*Code*"), it is necessary that a sufficient amount of "volume cap" (as defined in Section 146 of the Code) which has been reallocated, based upon the sole efforts of the Borrower, from various Illinois home rule units to the Issuer be assigned to the Bonds; and

WHEREAS, a Loan Agreement (the "*Loan Agreement*"), a proposed form of which is before the County Board of the Issuer (the "*County Board*") at this meeting, with respect to the Project, is necessary and desirable to be executed by and between the Issuer and the Borrower, whereby the Issuer will lend the proceeds of the Bonds to the Borrower in order to finance some or all of the costs of the Project and the Borrower, in consideration of the issuance of the Bonds, will covenant and agree to make payments sufficient to provide for the payment of the principal or purchase price of, premium, if any, and interest on and other amounts payable on the Bonds, as and when the same become due and payable; and

WHEREAS, it is necessary and desirable for the Bonds to be issued under and pursuant to, and to be secured by, a Trust Indenture (the "*Indenture*"), a proposed form of which is before the County Board at this meeting, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "*Trustee*"); and

WHEREAS, it is necessary and desirable that the Issuer enter into a Declaration of Restrictive Covenants and Regulatory Agreement (the "*Regulatory Agreement*"), a proposed form of which is before the County Board at this meeting by and among the Issuer, the Borrower and the Trustee, governing the use of the Project; and

WHEREAS, it is necessary and desirable that the Issuer enter into a Bond Purchase Agreement (the "*Purchase Contract*"), a proposed form of which is before the County Board at this meeting, by and among the Issuer, the Borrower and Wachovia Bank, National Association (the "*Bond Purchaser*") whereby the Bond Purchaser agrees to purchase the Bonds subject to the terms and conditions set forth therein; and

WHEREAS, it is necessary and desirable for the Issuer, the Borrower and the Trustee to enter into a Tax Regulatory Agreement, a proposed form of which is before the County Board at this meeting, to be dated the date of issuance of the Bonds (the "*Tax Agreement*"), governing the

investment of the gross proceeds of the Bonds and certain other matters relating to the exclusion of interest on the Bonds from federal gross income;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF THE COUNTY OF LAKE, ILLINOIS, AS FOLLOWS:

Section 1. The foregoing recitals are hereby incorporated herein as if fully set forth in this Resolution.

Section 2. Pursuant to the Act, the financing, in whole or in part, of the costs of the Project through the issuance and sale of the Bonds in accordance with the terms of the Loan Agreement and the Indenture, as approved in substantially final form pursuant to this Resolution, is hereby authorized and approved, subject to the conditions of Section 20 hereof, the Loan Agreement and the Indenture. The County Board hereby finds, based solely on information supplied by the Borrower, that the Project and the use of the proceeds of the Bonds are in furtherance of the public purposes set forth in the Act, including the promotion of the general welfare of The County of Lake, Illinois, and its inhabitants by relieving conditions of unemployment and underemployment and encouraging the increase of industry and commerce within The County of Lake, Illinois, thereby reducing the evils attendant upon unemployment and underemployment, and will increase the tax base within The County of Lake, Illinois, and enhance the public health, safety, and general welfare of The County of Lake, Illinois. It is hereby further found and declared that, based solely on information supplied by the Borrower, that the financing in whole or in part, of the Project and the use thereof by the Borrower is necessary to accomplish the public purposes of the Act.

Section 3. The Indenture (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Indenture are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the Chairman of the County Board (the "*Chairman*") executing the same, her manual or facsimile signature thereon to constitute conclusive evidence of such approval, and, subject to Section 20 hereof, the Chairman and the County Clerk of the Issuer (the "*County Clerk*") are hereby authorized and directed to execute, attest, seal and deliver the Indenture with such changes and revisions, if any, as aforesaid.

Section 4. The Loan Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions (including repayment provisions) set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Loan Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the Chairman executing the same, her manual or facsimile signature thereon to constitute conclusive evidence of such approval, and, subject to Section 20 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Loan Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 5. The Regulatory Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Regulatory Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the Chairman executing the same, her manual or facsimile signature thereon to constitute conclusive evidence of such approval, and, subject to Section 20 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Regulatory Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 6. The Purchase Contract (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Purchase Contract are hereby approved, all of which is subject to such changes and revisions therein as shall be required or approved by counsel to the Issuer and approved by the officer of the Issuer executing the same, her manual or facsimile signature thereon to constitute conclusive evidence of such approval, and, subject to Section 20 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Purchase Contract, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 7. The Tax Agreement (which is hereby incorporated herein by reference), in substantially the form presented at this meeting and on file with the County Clerk and containing substantially the terms and provisions set forth therein, is hereby authorized, approved and confirmed, and the form, terms and provisions of the Tax Agreement are hereby approved, all of which is subject to such changes and revisions therein as shall be required and approved by counsel to the Issuer and approved by the officer of the Issuer executing the same, her signature thereon to constitute conclusive evidence of such approval, and, subject to Section 20 hereof, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver the Tax Agreement, as approved pursuant to this Section with such changes and revisions, if any, as aforesaid.

Section 8. Subject to Section 20 hereof, the Chairman shall be and is hereby authorized, empowered and directed to cause to be prepared an issue of the Bonds in an aggregate principal amount not to exceed \$10 million, bearing interest at the rate or rates as provided in the Indenture, as executed and approved pursuant to this Resolution, but in no event shall the Bonds bear interest at an annual rate in excess of 7.0%. Principal and interest on the Bonds shall be payable on the dates and in the manner set forth in the Indenture, as executed and approved pursuant to this Resolution; *provided* that the Bonds shall mature no later than forty (40) years from the dated date of the Bonds, pursuant to the terms of the Indenture.

Section 9. The Bonds shall have the terms and provisions set forth in the Indenture, as executed and approved pursuant to this Resolution. The Bonds shall be executed pursuant to the terms and conditions of the Indenture, in the name of the Issuer with the manual or facsimile

signature of the Chairman and attested with the manual or facsimile signature of the County Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon.

Section 10. (a) No pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in this Resolution and no other pledge, agreement, covenant, representation, obligation or undertaking by the Issuer contained in any other document executed by the Issuer in connection with the Project or the Bonds shall give rise to any pecuniary liability of the Issuer or charge against its general credit, or shall obligate the Issuer financially in any way except out of payments to be made by the Borrower under the Loan Agreement other than payments to be made by the Borrower pursuant to the Unassigned Issuer's Rights (as defined in the Indenture). No failure of the Issuer to comply with any term, condition, covenant, obligation or agreement herein or therein shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge except to the extent the same is paid by the Borrower; and no execution of any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or other property of the Issuer. The same shall be plainly stated on the face of each of the Bonds:

(b) The principal or purchase price of, premium, if any, and the interest on the Bonds shall be special, limited obligations of the Issuer. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois or any political subdivision thereof to pay the Bonds or the interest or premium, if any, thereon. The Bonds, if and when issued, shall not and shall never constitute or give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The Bonds, if and when issued, shall not and shall never constitute or evidence an indebtedness of the Issuer, the State of Illinois, or any political subdivision thereof or a loan of credit thereof within the meaning of any constitutional or statutory provision. The Bonds, if and when issued, shall be issued under, and in full compliance with, the Constitution and the laws of the State of Illinois and particularly under the provisions of the Act. The same shall be plainly stated on the face of each Bond.

(c) Notwithstanding paragraphs (a) and (b) above, no limitation on the Issuer's liability, actions, covenants, obligations, agreements, or otherwise described in paragraphs (a) and (b) above shall apply to the Issuer's obligation to lend the proceeds of the Bonds to the Borrower on the date of their issuance pursuant to, and in accordance with the terms of, the Loan Agreement.

Section 11. Subject to the terms and conditions of the Indenture and the Loan Agreement, the appointment of Wells Fargo Bank, National Association, as Trustee under the Indenture is hereby approved.

Section 12. The form of Bonds included in the Indenture submitted to this meeting, subject to appropriate insertion and revision in order to comply with the provisions of this Resolution and the Indenture, be, and the same hereby are, approved, and when the Bonds in such forms shall be executed on behalf of the Issuer in the manner contemplated by, and pursuant to the terms of the Indenture and this Resolution, they shall represent the approved definitive forms of the Bonds of the Issuer.

Section 13. Subject to Section 20 hereof, the Indenture and the Loan Agreement, the Issuer is hereby authorized, empowered and directed to issue and sell to the Bond Purchaser the

entire aggregate principal amount of the Bonds, at a price of 100% of the principal amount thereof, plus accrued interest, if any.

Section 14. Subject to the terms and conditions of the Indenture and the Loan Agreement, the income and revenues derived by the Issuer under the Loan Agreement except out of payments to be made to the Borrower pursuant to the Unassigned Issuer's Rights, and any other revenues pledged under the Indenture for payments of the principal of or interest on the Bonds shall be deposited in the Bond Fund created under the Indenture in an amount sufficient to make such payments and applied as provided and pursuant to the terms and conditions therein. The Borrower shall covenant in the Loan Agreement to maintain and operate the Project and pay the costs of such maintenance and operation. No depreciation account need be established or maintained with respect to the Project.

Section 15. Subject to the terms and conditions of the Indenture and the Loan Agreement and this Resolution, the Chairman and the County Clerk are hereby authorized and directed to execute, attest, seal and deliver any and all instruments, documents and certificates, and do any and all things deemed necessary to effect the issuance and sale of the Bonds, the execution and delivery of the Loan Agreement, the Indenture, the Regulatory Agreement, the Purchase Contract and the Tax Agreement and to carry out the intent and purposes of this Resolution, including the preambles to this Resolution.

Section 16. The Bonds, if and when issued, may, but need not be, issued in book-entry form and registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee, as securities depository for the Bonds. The Chairman is hereby authorized, empowered and directed to execute and deliver an agreement with DTC and any other necessary parties in order to effect such book-entry registration.

Section 17. The Issuer hereby acknowledges that a public hearing was conducted on its behalf relating to the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"). The publication of notice of public hearing with respect to the Bonds pursuant to Section 147(f) of the Code is hereby authorized, ratified and confirmed.

Section 18. All authorized acts of the officials of the Issuer which are in conformity with the purposes and intent of this Resolution and the terms and conditions of the Indenture and the Loan Agreement, and in furtherance of the issuance and sale of the Bonds and the Project be, and the same hereby are, in all respects, approved and confirmed.

Section 19. After the Bonds are issued, this Resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged, unless otherwise provided pursuant to the Indenture or the Loan Agreement or agreed by the parties thereto.

Section 20. No Bonds shall be issued unless and until (a) an opinion of bond counsel shall have been provided to the Issuer that the Project, upon completion, will constitute an "industrial project," as defined in Section 2 of the Act, and that the Issuer has the full power, right and authority to issue the Bonds under the Act; (b) on or before December 31, 2007 (or

such later date as shall be mutually approved by the County Board, by resolution or ordinance duly adopted, and the Borrower), the Issuer and the Borrower, solely in their complete discretion, shall have agreed to mutually acceptable terms and conditions of any agreements, instruments, and proceedings relating to the Bonds; and (c) the Borrower agrees to pay to the Issuer, immediately upon presentation of a written demand or demands therefor, all legal and other consulting and administrative fees, costs, and expenses incurred or accrued in connection with the negotiation, preparation, consideration, and review of this Resolution and the performance by the Issuer of its obligations under this Resolution, and all fees, costs, and expenses that the Issuer may incur at the request of the Borrower or as a result of or arising out of this Resolution or in connection with the issuance of the Bonds and the costs of the Project.

Section 21. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions; *provided, however,* that no holding of invalidity shall require the Issuer to make any payments from revenues other than the proceeds derived from the sale of the Bonds issued under the Indenture and the proceeds derived from the Loan Agreement (except such proceeds as may be derived from the Issuer pursuant to its Unassigned Reserved Rights) or impose any personal liability on any director, member, elected or appointed officer, official, employee, attorney, or agent of the Issuer.

Section 22. This Resolution shall be in full force and effect upon its passage as provided by law.

DATED, at WAUKEGAN, LAKE COUNTY, ILLINOIS, on the 11th day of September, 2007.

THE COUNTY OF LAKE, ILLINOIS

Chairman of the County Board

[SEAL]

Attest:

County Clerk and *ex officio*
Clerk of the County Board

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of the County of Lake, Illinois (the "Issuer"), and as such officer I am the *ex officio* Clerk of the County Board of the Issuer, and as such officer I further certify that the foregoing is a true, correct and complete copy of the above Resolution as finally adopted by the County Board of said County at a regular meeting held on September 11, 2007; signed by the Chairman of the County Board and now in full force and effect, all as appears from the official records of said County in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County this ____ day of _____, 2007.

County Clerk and *ex officio*
Clerk of the County Board

[SEAL]