



City of Pekin

REGULAR COUNCIL MEETING OF JUNE 25, 2007
5:30 P.M.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Clerk to Call the Roll

IV. APPROVAL OF AGENDA

ACTION: Motion to approve the meeting agenda.

VOTE REQUIRED

V. APPROVAL OF MINUTES

ACTION: Motion to approve minutes of Regular Council Meeting of June 11, 2007 and the the Special City Council Meeting of June 14, 2007.

VOTE REQUIRED

VI. PUBLIC INPUT ON AGENDA ITEMS

Speakers to state name, address, and spell last name. Questions unrelated to agenda items are accepted during "Public Questions" near the end of the meeting.

VII. CONSENT AGENDA

- 1. Monthly Reports and Minutes: Fire Report for May**
- 2. Proclamation: "Larry's Casting Kids" Month of July**
"Recognition of Service of Carol Shields and Frank Mackaman
on Pekin Hospital Board
- 3. Charitable Solicitation: Benefit for Kelly Dubois Benefit Sunday, July 8, 2007**
- 4. Illinois Department of Transportation Illinois Great Rivers Ride – Agreement for Signing**
- 5. Receive and File Zoning Board of Appeals Minutes Dated June 13, 2007**
- 6. Receive and File Pekin Planning Commission Minutes Dated June 13, 2007**
- 7. Receive and File Pekin Planning Commission Hearings and Recommendations:**
 - a. Hearing #07-1741 – Recommend approval of the Site Plan for the Special Use for Automobile Sales with Accessory Structure Incidental to the Use at 1301 Broadway

Description: Council “received and filed” at May 29 meeting the recommendation of the Planning Commission to table the Site Plan until a corrected plan was received for review at their June 13, 2007 meeting. The recommendation is now to approve the Site Plan. Council will “receive and file” the recommended hearing before acting under New Business. Council has already “received and filed” at the May 29 meeting, Hearing #07-1740 – Recommended approval of the Special Use for Automobile Sales with Accessory Structure Incidental to this Use at 1301 Broadway and will act under New Business.

ACTION: Motion to approve the Consent Agenda.

VOTE REQUIRED TO APPROVE CONSENT AGENDA

VIII. COMMUNICATIONS, PETITIONS, REPORTS

1. Presentation

DESCRIPTION: Public Property, Transportation, and Solid Waste Department Report

PRESENTATION: Director Greg Ranney

ACTION: No Action to be taken.

IX. NEW BUSINESS

1. Special Use Request for Automobile Sales with Accessory Structure Incidental to the Use

(JW)

DESCRIPTION: Request from Steve Bresnahan for auto sales at 1301 Broadway Road. The Special Use Request was recommended by the Pekin Planning Commission.

ACTION: Motion to approve the Special Use.

VOTE REQUIRED

2. Site Plan

(JW)

DESCRIPTION: The site plan submitted by Steve Bresnahan for automobile sales at 1301 Broadway was originally tabled by the Planning Commission until a corrected plan could be reviewed at the meeting on June 13.

ACTION: Motion to approve the Site Plan

VOTE REQUIRED

3. Tourism Grant – Tazewell County Historic Places Society Riverfront Art’s Fair Showcase

(DK)

DESCRIPTION: Event qualifies as a Community Event Grant under the category for a Pekin non-profit group in an amount not to exceed 50% cost of event which is estimated at \$3,090.00 or \$500.00 whichever is less.

ACTION: Motion to approve the grant in the recommended amount of \$500.00.

VOTE REQUIRED

4. Purchase of Electric Power Agreement Ratification

(DK)

DESCRIPTION:

ACTION: Motion to approve contract.

VOTE REQUIRED

5. **Ordinance No. 2523- 07/08 – Authorizing a Master Lease-Purchase Agreement with Fifth Third Bank and Pekin Memorial Hospital for the Financing of an MRI**
DESCRIPTION: City would be the conduit issuer of \$6.3M (of the City’s annual \$10M obligation limit for CY 2007)of Tax-Exempt Bonds

(DK)

ACTION: Motion to adopt the ordinance.

VOTE REQUIRED

X. ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Council Members

Staff

Public Questions

Press Time

XI. EXECUTIVE SESSION

5 ILCS 120/2 (c.) 1. The Appointment, Employment, Compensation, Discipline, Performance or Dismissal of Specific Employees of the Public Body

5 ILCS 120/2 (c) 6. The Sale and/or Lease of Municipally Owned Property

ACTION: Motion to move to executive session for the purpose of discussing the employment of specific Employee and Sale or Lease of Municipally Owned Property.

VOTE REQUIRED

XII. ADJOURNMENT

With no further action to come before the Council the Mayor declares meeting closed in open session.

NO VOTE REQUIRED

**PROCEEDINGS OF THE REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON MONDAY, JUNE 11, 2007 AT 5:30 O'CLOCK P.M.
R. DAVID TEBBEN * MAYOR * PRESIDING**

PRESENT: COUNCIL MEMBERS, BLANCHARD, ABEL, KORTKAMP, STRAND, AND DUNN

ABSENT: COUNCIL MEMBER JONES

The **Pledge of Allegiance** was led by Retiree Cheryle Fryman

Roll was called and all Council Members were present except Council Member Jones.

Agenda

Motion by Council Member Strand, seconded by Council Member Kortkamp, that the **agenda be approved as presented**. On roll call vote, all present voted Aye.

Motion by Council Member Strand, seconded by Council Member Dunn, that the **minutes of the Regular City Council Meeting of May 29, 2007 be approved as written**. On roll call vote, all present voted Aye.

Consent Agenda

Motion by Council Member Blanchard, seconded by Council Member Abel that **the Consent Agenda be approved as presented**.

Mayor Tebben presented the following for consideration of the Consent Agenda items by Omnibus Vote.

1. **Monthly Reports and Minutes:** Police Report for May and Traffic Safety Committee Minutes, June 1, 2007
2. **Resolution No. 2 – 07/08** – Annual Prevailing Wage Resolution

On roll call vote, all present voted Aye.

New Business

Motion by Council Member Kortkamp, seconded by Council Member Blanchard, that the **AGREEMENT WITH TAZEWEEL COUNTY RESOURCE CENTER FOR TRANSPORTATION IN THE AMOUNT OF \$72,800.00 FOR CONTRACT YEAR JULY 1, 2007 – JUNE 30, 2008 BE APPROVED**. Director of Transportation Greg Ranney explained to Council that the contract with TCRC provided transportation for clients to Tremont and Morton to their place of employment. The fuel costs and the drivers' wages, due to contractual increase, increased the agreement. Council Member Blanchard supported the provision that would allow negotiated increases in per diem rate. Mr. Ranney confirmed Council Member Dunn's question that an average of 65 clients were transported. On roll call vote, all present voted Aye.

**RESOLUTION NO. 3-07/07
ILLINOIS DEPARTMENT OF TRANSPORTATION DOWNSTATE
FY/2007 STATE OPERATING ASSISTANCE GRANT
CONTRACT #3633 OP-07-9-IL**

Motion by Council Member Abel, seconded by Council Member Blanchard, that Resolution No. 3-07/08 be adopted. Director of Transportation Greg Ranney told Council that the grant agreement for the municipal bus services in the appropriated amount of \$247,500.00 was to fund the state eligible portion of the City of Pekin's FY2007 operating expenses. He explained that the funds would be funneled to Citi Link, the present provider of bus service to Peoria. Discussions had taken place to allow the Greater Peoria Mass Transit company to be the recipient of funds in the future. On roll call vote, all present voted aye.

ORDINANCE NO. 2522-07/08
AN ORDINANCE ACCEPTING A REAL ESTATE SALE CONTRACT
AND AUTHORIZING THE PURCHASE OF REAL PROPERTY
WITHIN THE CITY OF PEKIN
105 CYNTHIANA STREET PIN# 04-04-34-455-007

Motion by Council Member Abel, seconded by Council Member Blanchard, that Ordinance No. 2522-07/08 be adopted. City Manager Dennis Kief briefed Council Members on the authorization for the purchase of the only property remaining in the City-owned Block 2 of Original Town. The terms of the contract were for a purchase price of \$30,000.00 plus \$5,000 for present owner Mr. Tim Glass to demolish the residence and have property site ready. Council Member Blanchard referred to previous URS findings of an examination of the market potentials and development trends along the riverfront that did not support any viable revitalization and development opportunities in the next 5 years. He expressed concern of spending the money now but would vote yes to give the Economic Development coordinator a chance to market the riverfront two-block area. On roll call vote, all present voted Aye.

ORDINANCE NO. 1462-A 262-07/08
AMENDING THE TRAFFIC CODE OF THE CITY OF PEKIN 1995
TITLE 8, CHAPTER 4, SECTION 3 F.
REGARDING HANDICAPPED SPACES

Motion by Council Member Dunn, seconded by Council Member Kortkamp, that Ordinance No. 1462-A 262-07/08 be adopted. Public works Director Joe Wuellner presented to Council the Traffic Safety Committee's reviewed of a parking issue of handicapped spaces to allow direct access to Tazewell County Court House at the meeting held on June 1, 2007. A recommendation was made to remove a space on Capitol at Court Street and to add a space on Elizabeth west of the driveway between the Court House and McKenzie Building. This would also allow for rear loading/unloading of a handicapped vehicle. On roll call vote, all present voted Aye.

ANY OTHER BUSINESS TO COME BEFORE THE COUNCIL

Council Member Blanchard encouraged Council, staff and the public to view the progress made on the new Southside park project in the 300 block of Derby Street. He also announced and encouraged attendance at the meeting to discuss James Field improvement opportunities on Thursday, June 14, 2007 @ 7:00 p.m. at the Pekin Public Library.

Council Member Dunn stated that he had been contacted by the public concerning the Council's consideration of reviewing alternatives to Ameren/CILCO for best price of electricity generation. He was informed and Council then set a Special Meeting for Thursday, June 14, 2007 @ 5:30 p.m. to reaffirm by the present Council the City's action to authorize to negotiate and execute a contract to receive electric power when the pricing was at the best rate. The Clerk was instructed to post the meeting. Council Member Dunn presented his written request to attend that meeting by electronic attendance because he would be out of the City on business.

Mayor Tebben presented to Cathy Beers and Dan Johnson and read a document proclaiming July as "Larry's Casting Kids" month.

Mayor Tebben advised members that he would recommend they meet for a few briefing session regarding City projects with staff possibly on alternate Mondays from regularly schedule Council meetings.

City Manager Dennis Kief introduced the newly selected Main Street Executive Director Leigh Ann Matthews. He felt the decision was a good fit, and that the office was housed in City Hall.

The City Manager presented to Cheryle Fryman a retiree watch in recognition of her nearly 21 years of service to the City of Pekin. Fire Chief Chuck Lauss presented a City retiree watch to Council Member John Abel for his dedicated service as a firefighter for 30 years.

Jim Dully President of Hickory Hills Homeowners Association, 205 Dog Wood Lane, addressed Council regarding the groups concerns about problems that the proposed 500-house subdivision on Broadway could

create. The Association members asked that Council be aware of traffic generated on Broadway and impact on the school systems.

Ray Ravis 2804 Addison Court expressed concern that the TAG Winston Farm project proposed by Atkins Development would be subsidized housing. Mayor Tebben informed those present that the proposed subdivision would need to go through the process of annexation, hearings, discussion, and consideration by Council, but input was welcomed.

Motion by Council Member Dunn, seconded by Council Member Blanchard, that Council move to Executive Session at 6:05 P.M. to discuss the Sale and Lease of Municipally Owned Property 5 ILCS 120/2 (c.) 6. and the Appointment, Employment, compensation, discipline, performance or dismissal of specific employees of the Public Body 5 ILCS 120/2 (c.) 1. On roll call vote, all present voted Aye.

No further business to come before the Council, in open session, Mayor Tebben called the meeting closed.

COUNCIL ADJOURNED AT 6:45 P.M.

Sue E. McMillan
City Clerk

**PROCEEDINGS OF A SPECIAL MEETING
OF THE CITY COUNCIL OF THE CITY OF PEKIN, ILLINOIS,
HELD IN THE COUNCIL CHAMBERS OF CITY HALL
111 SOUTH CAPITOL STREET
ON THURSDAY, JUNE 14, 2007 AT 5:30 O'CLOCK P.M.
R. DAVID TEBBEN * MAYOR * PRESIDING**

PRESENT: COUNCIL MEMBERS, JONES, BLANCHARD, STRAND, KORTKAMP, ABEL,
AND DUNN

ABSENT: NONE

Council received an agenda and proper notice was posted on Tuesday, June 12, 2007, of a special meeting called by the Council to consider the purchase of electric power.

As provided by Ordinance No. 2412 03/14/05 and under Title 1, Chapter 5, Section 3.1 of the Code of the City of Pekin 1995, Council Member Dunn, because of absence from the corporate limits of the City for personal employment purposes, utilized the provisions by providing written notice, received on June 11, 2007 and attended telephonically.

Pledge of Allegiance was led by Mayor Tebben.

Mayor Tebben acknowledged participation of Council Member Dunn by electronic means. **Roll** was called and all Council Members were present.

Agenda

Motion by Council Member Kortkamp, seconded by Council Member Abel that the **agenda be approved as presented**. On roll call vote, all voted Aye.

New Business

Motion by Council Member Strand, seconded by Council Member Kortkamp, that the City Manager be authorized to negotiate and execute a contract to receive electric power at a lesser amount than provided by Ameren/CILCO to be ratified by the Council subsequently.

Mayor Tebben advised Council that the original authorization for the Manager to negotiate an agreement expired when the previous Council adjourned Sine Die.

City Manager Dennis Kief requested that Council allow him to enter into a contract to purchase electricity for the City buildings. A power sale agreement through Sempra Energy Solutions, LLC was being considered because of the price fluctuation daily and the favorable rates proposed for this week's purchase. He explained it was no longer prudent to wait for State action with respect to a rate freeze. He noted that Council would need to approve ratification of any specific contract.

Public Works Director Joe Wuellner reported on the evaluation of City usage and negotiations to broker the best price for an electric generation contract by watching the market daily. It was estimated that the savings over CILCO increase would be \$40-\$45,000.00 a year. Authorization was needed to react in a few hours to enter into a contract with the supplier Sempra.

Discussion followed regarding:

- Contract ending December 2008 in order to aggregate into larger group comprised of Peoria, Chillicothe, and northern counties plus possibility of other businesses such as the hospital joining
- Corporation Counsel's review of the contract
- Risk
- Escape clause and provisions for termination damages
- Effect on franchise distribution by CILCO with respect to backup at the Treatment Plant, rebate on street lighting.

Council requested that savings be monitored.

Mayor Tebben summarized that staff heard the concerns of Council and directed the manager to act accordingly in negotiations of the final contract.

On roll call vote, all voted Aye.

Public Works Director reported to Council that he had been working on the acquisition of property at the intersection of Parkway and Broadway for lane improvements since February. Two previously approved purchases required necessary changes to land held in trust, signage issue, and addition of specific tree replacement. The documentation needed to be completed in order to stay on schedule for an August IDOT letting for construction this year and to have completed prior to the anticipated start of the Broadway Widening project. Mr. Wuellner advised that the project increase was estimated to be \$10,000.00.

Motion by Council Member Jones, seconded by Council Member Kortkamp that the **PURCHASE OF RIGHT OF WAY FROM JAMES W. FARRELL AND SUSAN R. FARRELL TRUST FOR THE BROADWAY-PARKWAY PROJECT in the amount of \$28,000.00 be approved.** On roll call vote, all present voted Aye.

Motion by Council Member Jones, seconded by Council Member Blanchard that the **PURCHASE OF RIGHT OF WAY FROM DTHC PROPERTIES LAND TRUST FOR THE BROADWAY-PARKWAY PROJECT in the amount of \$2,100.00 for Parcel A 1 and \$4,400.00 for Parcel A 2 be approved.** On roll call vote, all present voted Aye.

No further business to come before the Council, Mayor Tebben adjourned the meeting.

COUNCIL ADJOURNED AT 6:05 P.M.

Sue E. McMillan
City Clerk



City of Pekin

June 1, 2007

Mr. Dennis Kief
Pekin City Manager
Pekin, IL. 61554

Dear Mr. Kief,

I hereby submit to you the Pekin Fire Department May 2007 report, plus a summary of April 2007.

Charles E. Lauss
Fire Chief
City of Pekin

During the month of May 2007, the Pekin Fire Department responded to 314 calls, total dollar loss was \$469,300.00.

During the month of May (approximately 70.51%) were emergency medical calls, 93 were automatic fire alarms, service calls, small hazardous conditions involving no fire, false alarms 2 vehicle fire with 2 exposures, 2 mutual aid fire2 with Shafferville and Cincinnati, 5 structure fires which required extinguishment and/or investigation by fire fighting personnel and 1 fire at Powerton.

During the month of May 2007, the Pekin Fire Department responded to 314 calls, total dollar loss was \$469,300.00.

During the month of April 2007, the Pekin Fire Department responded to 310 calls, total dollar loss was \$162,500.00.

During the month of April (approximately 77.74%) were emergency medical calls, 69 were automatic fire alarms, service calls, small hazardous conditions involving no fire, false alarms 2 vehicle fires, 1 mutual aid fire with NP, 5 structure fires which required extinguishment and/or investigation by fire fighting personnel and 1 fire at Powerton.

On May 1, 2007 Fire Fighters responded to a report of a dishwasher on fire inside structure at 905 Lincoln. Upon arrival find owner at door to residence stating that they used a dry chemical extinguisher to put out fire. There was no fire at time of our arrival. Resident had also removed fuse from electrical panel. Upon investigation a small fire had ignited in the motor area and burnt thru to the basin of the dishwasher. No fire extension was noted to the structure. Fire dept personnel disconnected the water line and power to the dishwasher and removed it from the residence. Total dollar loss was approximately \$300.00.

On May 2, 2007 Fire Fighters responded to a report of a fire at Powerton. Upon arrival found a spark from cutting equipment started dust between the ceiling and the roof to catch fire. An interior attack of the area in the crusher house failed to get access to the base of the fire. An exterior attack on the roof itself allowed access to the fire base and it was extinguished shortly thereafter. Total dollar loss was approximately \$4,000.00.

On May 7, 2007 Fire Fighters responded to a report of a kitchen fire at 425 Herman. Upon arrival, the first Engine companies E3, E2, and R2, reported nothing showing. Witness told E3 there was a fire in the kitchen at the back of the structure. Upon investigation of the back of the structure, E3 used forcible entry to gain access, and found fire on the stovetop, backsplash, and hood system. After fire was extinguished, a search was made with Thermal Imager, for extension to the upper cabinets, adjacent wall, and upper level of the structure. During the investigation a family friend stated that he had entered the kitchen, and used the burner on the stovetop to light a cigarette. After he lit it, he thought that he had turned off the flame and left. Capt. Stubbs was the first firefighter in and stated that the burner to the stovetop was still on. The stovetop had several pans, one of which, over the open flame, consisted of cooking oil. We determined that the oil became hot and boiled over onto the stove, igniting a nearby pot handle, and subsequently the plastic housing for the hood light, which melted onto the back of the stove. City inspector was called to the scene and determined that the structure was habitable by tenants after the CO levels had dropped to zero, which they did prior to our departure. Total dollar loss was approximately \$10,000.00.

On May 14, 2007 Fire Fighters responded to a report of a structure fire in the attic of a one-story brick residence at 1000 Sheridan. Upon arrival forcible entry was required through the garage east window. Crews then raised the garage door and backed out the owner's vehicle. Access to the attic was through the garage using a drop down attic ladder and additional extension ladder. Flames were initially darkened down with a 2 ¾" had line from outside the garage window prior to entry. Flam spread was confined to the attic. Crews used salvage covers on the main floor early in the fire scene to protect furniture and valuable from water damage. There was considerable damage to the rafters, attic floor joists, plywood attic floor, and the roof peak plate. Ventilation was performed using a positive pressure fan. Upon investigation fire cause was determined to be due to an attic fan malfunction. Total dollar was approximately \$33,000.00.

On May 16, 2007 Fire Fighters responded to a teepee on fire at McNaughton Park Road. Upon arrival found a structure fully involved with a fire inside the structure. The structure is in the shape of a teepee with heavy pole construction covered with plywood and asphalt shingles. The bottom approximately 6 feet is open. It is constructed to accommodate small fires. The fire was extinguished using 750 gallons of water from Engine 2's water tank. On scene was Pekin Park Dist Ranger. He stated that there was a large gathering of young adults celebrating High School Graduation. On scene were remains of a grill fire used for cooking as well as food and beverages left by the individuals fleeing the scene. Approximately 30 individuals were there. 20 of the attendees returned to the scene to be interviewed. The structure was a total loss as well as 2 picnic tables. Total dollar loss was approximately \$5,000.00.

On May 16, 2007 Fire Fighters responded to a clothes dryer fire in residence at 1923 Quail Hollow. Upon arrival found that the owner of the home had shut off the gas to the appliance, cut the gas line past the shut off, and pulled the dryer from the laundry room to the outside of the residence. The homeowner used a dry chemical extinguisher to control fire. We used water to cool the appliance on the homeowners lawn. Positive pressure fan was used to clear the home of smoke. Total dollar loss was approximately \$500.00.

On May 17, 2007 Fire Fighters were called for mutual aid by Schafferville for fire at Connie's Bar. At 1104 S. 14th. We used the tower for aerial water and E3 for its deck gun. Once the fire was under control four of our call-in men made a final interior attack to finish extinguishing the fire.

On May 17, 2007 Fire Fighters responded to two service trucks on fire at 303 N. 4th Street. Upon arrival found 2 service trucks on fire. There was a vehicle between them that did not burn but sustained body damage to the left rear from the heat. There was also another service van that sustained heat damage to the left corner. The 2 vehicles that were burning were set independent of each other. No damage to structure. Total dollar loss for the 2 service trucks is approximately \$60,000.00

Total dollar loss for other 2 vehicles sustaining heat damage is approximately \$5,000.00 each.

On May 18, 2007 Fire Fighters responded to a mutual aid for a dryer fire at 1801 Virginia in Cincinnati Township. Upon arrival found basement of house full of smoke with smoke starting to spread to upstairs of house. Cincinnati Township fire was on scene; we waited at the side door for several minutes for the hand line to be charged by their driver. After hand line was charged we made entry and extinguished the fire. The fire was contained to the dryer. Total dollar loss was approximately \$500.00.

On May 21, 2007 Fire Fighters responded to structure fire at 219 S. 2nd Street (T-Shirt House). Upon arrival fire was venting through the roof. The employee had evacuated the building prior to fire department arrival. Defensive operations were initiated with TR3 and E3 on the Eastside, E2 and L1 on the Southside. Fire was contained to the front of the structure. Mutual aid was received from East Peoria (Engine, Ambulance, Command) and Peoria (Engine and Command). CILCO and IL American Water contacted. The street department was utilized to assist in bringing down damage portions of the structure. Cause is under investigation. Total dollar loss was approximately \$350,000.00.

On May 29, 2007 Fire Fighters responded to a car fire at 1401 Broadway. Upon arrival found belt broken and there was a small engine fire on top of the exhaust manifold. We used small amount of water to extinguish. Total dollar loss was approximately \$1,000.00.

Total calls for the month of May were 314 and are as follows:

Fires	25
Rescue and EMS	221
Hazardous Materials	14
Other types of calls	54

Total dollar loss for the month of May was approximately \$469,300.00

Total calls for the month of April were 310 and are as follows:

Fires	22
Rescue and EMS	241
Hazardous Materials	3
Other types of calls	44

Total dollar loss for the month of April was approximately \$162,500.00.

Pekin Fire Department Fire Prevention Report

The month of May 2007 was a busy month. The Pekin Fire Department participated in the 100th Anniversary celebration May 12, 2007 at fire station # 1 3232 Court St. Below are the noted dates of the events of the month.

May 1, 2007 District 108 Family Fun Night at Wilson School 1000 Koch street 200 children and families.

May 1 thru 4 2007 IFSI Trench Operations class

May 7th 2007 House fire 425 Herman St. fire in the kitchen.

May 8th 2007 KMART fire system review no working fire alarm system was noted and engineers notified.

May 9th 2007 Miller Senior Center Senior Expo.

May 9th 2007 Roof Collapse 1111 Broadway Pekin. Structural problems and code violations noted.

May 10th 2007 Kroger store fire alarm system review noted no fire alarm tied into fire sprinkler

system engineers notified.

May 14th 2007 House Fire 1000 Sheridan Rd. Pekin

May 15th 2007 Fire System Review Calvary Baptist church.

May 16th 2007 Tee Pee Fire at McNaughton Park Pekin.

May 17th 2007 Car seat install at station # 1 15 child seats installed Tazewell County Health Dept and Peoria Area Safe kids Saint Francis Hospital.

May 17th 2007 Connies Bar Fire 1604 S. 14th Pekin

May 21st 2007 Wilson School Risk Watch Fire Safety class 51 5th graders present.

May 21st 2007 T-Shirt House Fire 219 S. 2nd Street.

May 22nd 2007 T – Shirt House fire review with OSFM and insurance investigators, interviews with Pekin Police. Office of the State Fire Marshall.

May 23rd 2007 T-Shirt House fire review on scene. OSFM
Office of the State Fire Marshall

May 22nd 2007 Pekin Housing Safety Night at Pekin Housing with safe escape trailer 100 children present.

May 24th 2007 St. Paul Episcopal church 911 address review with staff at the church, noted incorrect address.

May 29th Car Safety Seat Install at station # 1.

May 29th 2007 Pekin Dist 108 preschool building fire drill and walkthrough with principal and teachers.

May 30th 2007 Reid Technique Class Interviewing and Interrogation at Heartland Community College Normal ,IL

May 31st 2007 Reid Technique Class Interviewing and Interrogation at Heartland Community College Normal, IL

Pekin Fire Department
Training Division

Training report for the month of May 2007

June 6, 2007

This month's training was spent mainly on apparatus driving and aerial ladder operation. With the recent purchase of 2 new fire apparatus, Pekin fire fighters have been learning how to operate the trucks and the equipment on them.

Fire Prevention Officer Jamie Evans went to the Reid Interviewing class and spent 3 days learning how to interview and interrogate potential suspects.

Eleven fire fighters took advantage of the Trench Rescue Operations class we hosted here through the Illinois Fire Service Institute. Ten fire fighters enrolled in the Trench Tech class also held here this month.

The total training hours for May 2007 is 781.

This is brief overview of May 2007 and April 2007' events from the City of Pekin Fire Department. If you have any questions, please feel free to give ma a call.

Respectfully Submitted,

Charles E. Lauss
Fire Chief
City of Pekin

WHEREAS, the Recreational Boating & Fishing Foundation, is a non profit organization whose mission is to increase participation in recreational angling and boating and thereby increase public awareness and appreciation for the need to protect, conserve and restore the Nation's aquatic resources; and

WHEREAS, Funded by the U.S. Fish & Wildlife Service and administered as part of the National Parks and Recreation Service, it takes great steps to be accepted as an official TAKE ME FISHING Community; and

WHEREAS, Through the hard work of Larry's Casting Kids, the Pekin Park District and NTS, Pekin is now officially a **TAKE ME FISHING Community** with the Federal Government; and

WHEREAS, It's a great honor that Pekin was selected over hundreds of other organizations in the State of Illinois; and

WHEREAS, August 11th is Larry's Casting Kids at the Pekin Park District with over 350 kids with the whole community coming out to help.

NOW, THEREFORE, BE IT RESOLVED that I, R. DAVID TEBBEN, Mayor of the City of Pekin, Illinois, do hereby proclaim the month of July as,

"HONORARY LARRY'S CASTING KIDS"

in the City of Pekin, Tazewell County, Illinois and encourage kids of all ages to come out to the 2 day Fishing Derby, held at the Pekin Park.

PROCLAIMED this 11th day of June in the Year of Our Lord, Two Thousand and Seven.

R. DAVID TEBBEN
Mayor

ATTEST:

SUE E. McMILLAN
City Clerk

B

BE IT RESOLVED, THAT SPECIAL RECOGNITION is given so that all may know the major, contributions made by Carol A. Shields, during her tenure representing the Progressive Health Systems/Pekin Hospital Board of Trustees at Pekin, Illinois.

THEREFORE, IT IS DULY RECOGNIZED THAT:

WHEREAS, Carol A. Shields, has dedicated her expertise to the furthering of Progressive Health Systems/Pekin Hospital; and

WHEREAS, Carol A. Shields has been an outstanding leader of the Progressive Health Systems/Pekin Hospital Board of Trustees serving in various roles; and

WHEREAS, Carol A. Shields has honored us as a member of our Trustee Board benefiting Progressive Health Systems/Pekin Hospital with her dedication and commitment to the field of quality healthcare; and

BE IT FURTHER RESOLVED, that the Board of Trustees of Progressive Health Systems and Pekin Hospital expresses its sincerest thanks and appreciation to Carol A. Shields for her countless contributions over the years where her dedication, personal sacrifice, leadership and commitment to Progressive Health Systems/Pekin Hospital has resulted in the highest quality of service for the patients of our community.

IN WITNESS WHEREOF, PEKIN HOSPITAL, has caused the resolution to be signed this 26th day of June, 2007 by its Chairman of the Board of Trustees and attested by its Secretary/Treasurer.

Progressive Health Systems/Pekin Hospital

By: _____
Chairman, Board of Trustees

Attest:

Secretary/Treasurer

B

BE IT RESOLVED, THAT SPECIAL RECOGNITION is given so that all may know the major, contributions made by Frank H. Mackaman, during his tenure representing the Progressive Health Systems/Pekin Hospital Board of Trustees at Pekin, Illinois.

THEREFORE, IT IS DULY RECOGNIZED THAT:

WHEREAS, Frank H. Mackaman, has dedicated his expertise and education to the furthering of Progressive Health Systems/Pekin Hospital; and

WHEREAS, Frank H. Mackaman has been an outstanding leader of the Progressive Health Systems/Pekin Hospital Board of Trustees serving in various roles; and

WHEREAS, Frank H. Mackaman has been dedicated to furthering high quality medical services at Progressive Health Systems/Pekin Hospital; and

WHEREAS, Frank Mackaman has honored us as a member of our Trustee Board benefiting Progressive Health Systems/Pekin Hospital with his dedication and commitment to the field of quality healthcare; and

BE IT FURTHER RESOLVED, that the Board of Trustees of Progressive Health Systems and Pekin Hospital expresses its sincerest thanks and appreciation to Frank H. Mackaman for his countless contributions over the years where his dedication, personal sacrifice, leadership and commitment to Progressive Health Systems/Pekin Hospital has resulted in the highest quality of service for the patients of our community.

IN WITNESS WHEREOF, PEKIN HOSPITAL, has caused this resolution to be signed this 26th day of June, 2007 by its Chairman of the Board of Trustees and attested by its Secretary/Treasurer.

Progressive Health Systems/Pekin Hospital

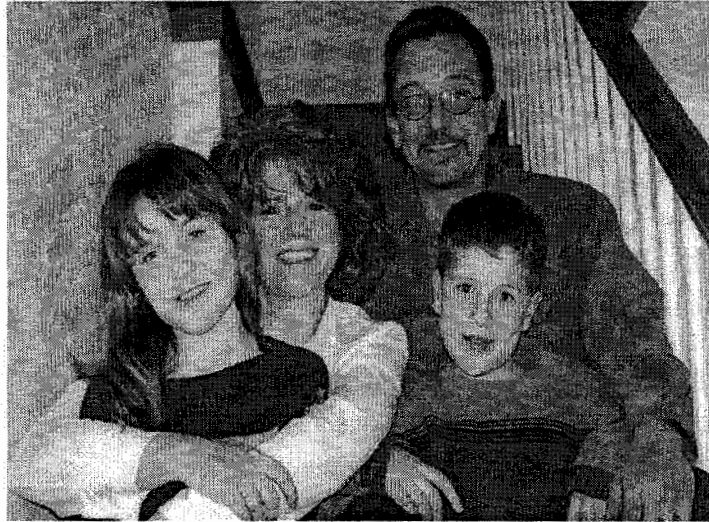
By: _____
Chairman, Board of Trustees

Attest:

Secretary/Treasurer

Kelly Dubois Benefit

**Great Food,
Drinks and
Music!**



Kelly was diagnosed 3 years ago with Chronic Granulocytic Leukemia. She is 39 is married to Jerry and has 2 kids that are both 8 years old Jacob and Jessica .

She has successfully had a bone marrow transplant. The benefit is to help offset medical and traveling expenses to Barnes Jewish Hospital in St. Louis.

When: Sunday, July 8, 2007

Dinner: Noon-4pm

Silent Auction: 4:00-5:00pm

Music by: Driver 8 from 6:00-8:00pm

Featuring Steve Martin, Stu Hamm, Rusty Hamm, Jeff Theis, Jerry DuBois

Where: Captain's Wheel at Concorde Inn in Pekin

(Pulled Pork, with rolls, green beans, Rosemary potatoes, Salad, Coffee, Tea and Water

Hotdogs, chips and salsa will be available for kids)

Tickets are \$12 for adults; \$5 for children 10 and under Children 3 and under are free! \$5 to enter after 4pm

**Music by
Driver 8**

Candle Party will be there taking orders from 2-6pm..
20% of the sales will go to the Benefit

Please Help us.....help Kelly and her family!

For any questions please call Kimberly Strubhar at 309-241-7475

112 S Roosevelt

North Pekin, IL 61554



Illinois Department of Transportation

Division of Highways / Region 3 / District 4
401 Main Street / Peoria, Illinois / 61602-1111
Telephone 309/671-3333

June 13, 2007

Ms. Sue E. McMillan
City Clerk
111 S. Capitol Street
Pekin, IL 61554

Dear Ms. McMillan:

RE: Illinois Great Rivers Ride – Agreement for Signing

The Governor's Office and the Illinois Department of Commerce and Economic Opportunity have proposed the third bicycle trip officially named the Illinois Great Rivers Ride. The Illinois Great Rivers Ride will begin in the city of Chicago on Sunday September 9, 2007 and end in Springfield on Sunday September 16, 2007. A portion of the proposed route will use roads or streets in your agency.

It is anticipated that the bike ride will be limited to approximately 300 participants. The bike ride will include overnight stays at 7 locations where arrangements have already been made. Entertainment will be provided at each of these locations.

Attached for your approval are three copies of an agreement between your agency and this department for the proposed signing along the bike route. If the terms of the agreement are acceptable, please sign and return two copies to the District Bureau of Local Roads and Streets office as early as possible.

Also attached is a copy of the sign layout and current insurance policy for the bike ride. The insurance policy indemnifying local agencies is an annual renewable policy and will be renewed approximately two months before the ride. All bike ride participants of the Illinois Great Rivers Ride must sign liability and waiver language before participating in the event.

Ms. Sue E. McMillan

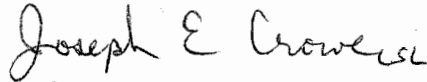
Page 2

June 13, 2007

An alternate route is proposed at the I & M Canal, Hennepin Canal, and Rock Island bike trails in case these trails are usable. Signing agreements are required for these alternate routes even though ride participants may not use them.

If you have any questions, please contact L. Scot LaSalle at (309) 671-3690.

Very truly yours,

A handwritten signature in cursive script that reads "Joseph E. Crowe".

Joseph E. Crowe,
Deputy Director of Highways,
Region Three Engineer

MJA:bnc

s:\mgr1\winword\vicki's documents\il great rivers ride 2007 ltr.doc

Attachment

cc: Roger Carmack
Todd Hill
File

2007 Illinois Great Rivers Ride – Agreement for Signing and Roadway Work

The Governor's Opportunity Returns Office, the Illinois Department of Transportation, and the Illinois Department of Commerce and Economic Opportunity have proposed a bicycle trip officially named the Illinois Great Rivers Ride. The Illinois Great Rivers Ride will begin in the City of Chicago on Sunday September 9, 2007 and end in the City of Springfield on Sunday September 16, 2007.

This Agreement is made and entered into between the local agency hereinafter referred to as the "LA" and the State of Illinois acting by and through its Department of Transportation, hereinafter referred to as the "STATE." The LA and STATE jointly agree to the following provisions for the Illinois Great Rivers Ride:

Agreement Provisions

1. As a portion of The Illinois Great Rivers Ride, the roads and streets under the jurisdiction of the LA will be used by participants during the week of September 9-16, 2007. The LA concurs with the use of the route(s) under their jurisdiction.
2. The LA will ensure that no roadway under their jurisdiction along the bike route will be oiled prior to the bike ride, and no roadway work will be performed that will impact bike ride participants.
3. The STATE will furnish and install signs and sign supports along the route of the Illinois Great Rivers Ride at the STATE's expense. There will be no cost for the signing or sign supports to the LA. A copy of the proposed sign is shown on the attached Exhibit.
4. The STATE will install the signs for the Illinois Great Rivers Ride along the LA's right-of-way approximately two weeks before the bike ride after the issuance of this year's insurance policy. The STATE will contact the LA regarding the location of the signs along the route under the LA's jurisdiction prior to installing the signs.
5. The STATE will remove the signs and sign supports from the LA's right-of-way within one week after the bike ride. All signs and sign supports are the property of the STATE and shall not be removed by the LA.

APPROVED BY LA

Name _____

Title _____

Signature _____

Date _____

APPROVED BY STATE

By _____

Title _____

Date _____

Note: If signature is by an APPOINTED official, a resolution authorizing said appointed official to execute this agreement is required.

2007 Illinois Great Rivers Ride – Agreement for Signing and Roadway Work

The Governor's Opportunity Returns Office, the Illinois Department of Transportation, and the Illinois Department of Commerce and Economic Opportunity have proposed a bicycle trip officially named the Illinois Great Rivers Ride. The Illinois Great Rivers Ride will begin in the City of Chicago on Sunday September 9, 2007 and end in the City of Springfield on Sunday September 16, 2007.

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2. The LA will ensure that no roadway under their jurisdiction along the bike route will be oiled prior to the bike ride, and no roadway work will be performed that will impact bike ride participants.
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5. The STATE will remove the signs and sign supports from the LA's right-of-way within one week after the bike ride. All signs and sign supports are the property of the STATE and shall not be removed by the LA.

APPROVED BY LA

Name _____

Title _____

Signature _____

Date _____

APPROVED BY STATE

By _____

Title _____

Date _____

Note: If signature is by an APPOINTED official, a resolution authorizing said appointed official to execute this agreement is required.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/20/2006

PRODUCER (641)842-2135 FAX (641)828-2013

McKay Insurance Agency, Inc.

106 East Main Street

P O Box 151

Knoxville IA 50138

INSURED

Western Illinois Tourism Development, Inc.

Illinois Great Rivers Ride

581 Deere Road

Macomb IL 61455

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: General Casualty Co of WI 24414

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY	CGA0447681	7/15/2006	7/15/2007	EACH OCCURRENCE \$ 1,000,000
	☒	COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	☐	CLAIMS MADE ☒ OCCUR				MED EXP (Any one person) \$ Excluded
						PERSONAL & ADV INJURY \$ 1,000,000
						GENERAL AGGREGATE \$ 2,000,000
						PRODUCTS - COMP/OP AGG \$ 2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC				
		AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident) \$
		☐ ANY AUTO				BODILY INJURY (Per person) \$
		☐ ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
		☐ SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
		☐ HIRED AUTOS				
		☐ NON-OWNED AUTOS				
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
		☐ ANY AUTO				OTHER THAN EA ACC \$
						AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE \$
		☐ OCCUR ☐ CLAIMS MADE				AGGREGATE \$
						\$
		DEDUCTIBLE				\$
		RETENTION \$				\$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATU-TORY LIMITS ☐ OTH-ER ☐
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT \$
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE \$
		OTHER				E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Illinois Great Rivers Ride: September 10-16, 2006. With regards to the operations of the above named insured all state and local agencies, park districts and forest preserve districts within jurisdiction of any roadway or trail used along and during the route of the Illinois Great River Ride are named as additional insureds.

CERTIFICATE HOLDER

Western Illinois Tourism Council
581 S. Deere Road
Macomb, IL 61455

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

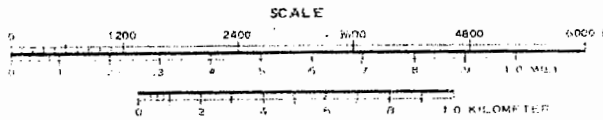
AUTHORIZED REPRESENTATIVE
Scott Ziller/CAROL

1998 TRAFFIC MAP

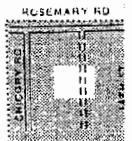
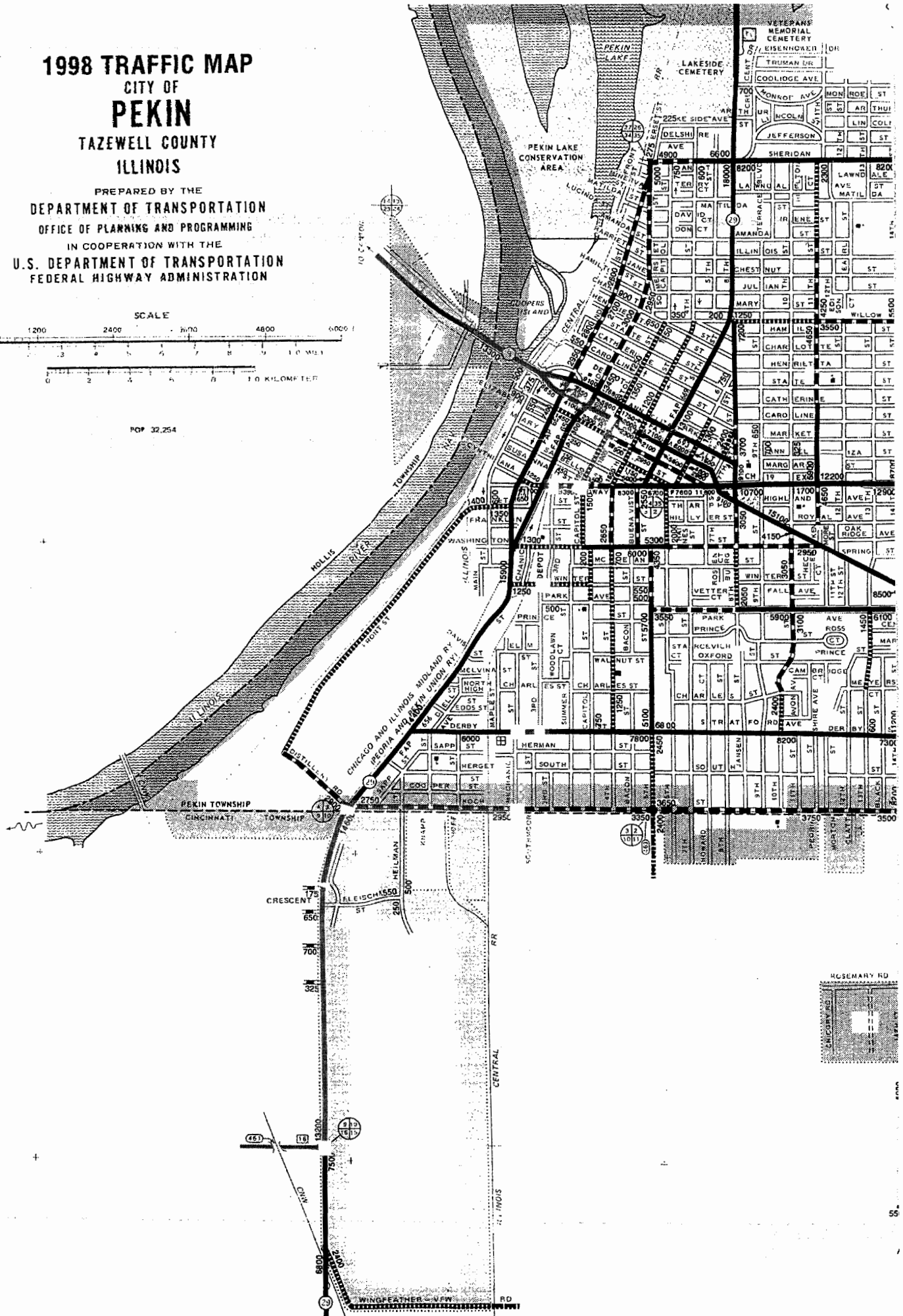
CITY OF PEKIN

TAZEWELL COUNTY ILLINOIS

PREPARED BY THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF PLANNING AND PROGRAMMING
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION



POP 32,254



Pekin Zoning Board of Appeals
June 13, 2007

Present:

Marilyn Kelso
Mary Lanane
Ron Boehm
Curtis Eeten, Vice Chairman

Absent:

Bob Barra, Chairman
Gary Sciortino
David Moehring

Staff Present: Ron Sieh

Vice Chairman Curtis Eeten led the pledge of allegiance.

Vice Chairman Curtis Eeten called the regular meeting of the Zoning Board of Appeals to order.

Roll call was taken and a quorum declared.

Vice Chairman Curtis Eeten asked for approval of the Agenda.

MOTION by Marilyn Kelso seconded by Ron Boehm to approve the Agenda. On roll call vote, all present voted **AYE. MOTION APPROVED.**

Vice Chairman Curtis Eeten asked for approval of the Special May Meeting Minutes.

MOTION by Ron Boehm seconded by Mary Lanane to approve the Special May Meeting Minutes. On roll call vote, all present voted **AYE. MOTION APPROVED.**

Correspondence: There were (2) two Letters sent out for Hearing #1 (One response from Bill Lehman of Sunset Apts. stated he has no problems with the variance).

Hearing #1:

Marge Sevier, Owner of 1814 Vienna Court a variance of 5' to add a 12 x 14 Sunroom onto her Condo closer to the property line than currently allowed.

Open Public Hearing: 5:11PM

Marge Sevier was stated her case and was present for questions.

Close Public Hearing: 5:14PM

MOTION by Marilyn Kelso seconded by Ron Boehm to approve the variance request. On roll call vote, All present voted **AYE. MOTION APPROVED.**

Election of Officers for 2007-2008 will take place next month when a full quorum is present.

MOTION by Ron Boehm seconded by Mary Lanane to adjourn the meeting. On roll call vote, all present voted **AYE. MOTION APPROVED.**

Meeting Adjourned at 5:18pm

Juanita VanBuskirk, Secretary
Zoning Board of Appeals

Pekin Planning Commission Minutes
June 13, 2007

Present:

Chad Schmidgall
Ron Knautz, Vice Chairman
Scott Nichols
Ralph Brower
Bill Craig
Don Hild, Chairman

Absent:

Steve Huey
Jim Bradshaw
Michele Long

Chairman Don Hild led the Pledge of Allegiance.

The regular meeting of the Pekin Planning Commission was called to order and a quorum was declared.

Staff Present: Joe Wuellner, Ron Sieh, and Attorney Dancey.

Chairman Don Hild asked for approval of the agenda.

Bill Craig suggested that the agenda be modified to postpone Business Items 1,2 & 3 until July when a full quorum was available.

MOTION by Bill Craig, Seconded by Ron Knautz to approve the agenda as modified. On roll call vote, All present voted **AYE**. **MOTION APPROVED**.

Chairman Don Hild asked for approval of the minutes from the May 9, 2007.

Bill Craig asked that the minutes reflect the name of opposed votes be listed.

MOTION by Bill Craig seconded by Ron Knautz to approve the minutes as corrected from the May 9, 2007 meeting. On roll call vote, all present voted **AYE**. **MOTION APPROVED**.

City Council Action Report:

The City Council approved the following:

No Action was taken from Hearings 07-1740 & 07-1741 for the Special Use and Site Plan for Automobile Sales with Accessory Structure Incidental to the Use at 1301 Broadway. They were received and filed.

PPC Correspondence: No Correspondence

Application #1: Steve Bresnahan, Owner

Hearing #1: Site Plan for Special Use for Automobile Sales with Accessory Structure Incidental to this Use with PIN #04-04-35-454-001 and Legal Description of Casey's Addn, Block 28 SE ¼ Lot 1 & 27' W of Lot 2 commonly known as 1301 Broadway in Tazewell County, Illinois.

Open Public Hearing: 6:41pm

Steve Bresnahan presented his case and was present for questions.

Close Public Hearing: 6:44pm

Site Plan Review: Chairman

MOTION by Scott Nichols, Seconded by Bill Craig to approve the Site Plan for Special Use for Automobile Sales with Accessory Structure Incidental with the stipulation that the parking area be hard surfaced. On roll call vote, All present voted **AYE**. **MOTION APPROVED**.

Meeting adjourned at 6:52pm.

Juanita VanBuskirk, Secretary
Pekin Planning Commission

Pekin Planning Commission
June 13, 2007

HEARING #07-1741(2)

The Pekin Planning Commission recommends the Approval of the Site Plan for the Special Use for Automobile Sales with Accessory Structure Incidental with the stipulation that the parking area be hard surfaced to the Use at 1301 Broadway.

Don Hild, Chairman

Ron Knautz, Vice-Chairman

Pekin Planning Commission
May 9, 2007

HEARING #07-1741

The Pekin Planning Commission tabled the Site Plan for the Special Use for Automobile Sales with Accessory Structure Incidental to the Use at 1301 Broadway until a corrected Site Plan is received for review at the June 13, 2007 meeting.

Don Hild, Chairman

Ron Knautz, Vice-Chairman

Pekin Planning Commission
May 9, 2007

HEARING #07-1741

The Pekin Planning Commission tabled the Site Plan for the Special Use for Automobile Sales with Accessory Structure Incidental to the Use at 1301 Broadway until a corrected Site Plan is received for review at the June 13, 2007 meeting.

Don Hild, Chairman

Ron Knautz, Vice-Chairman

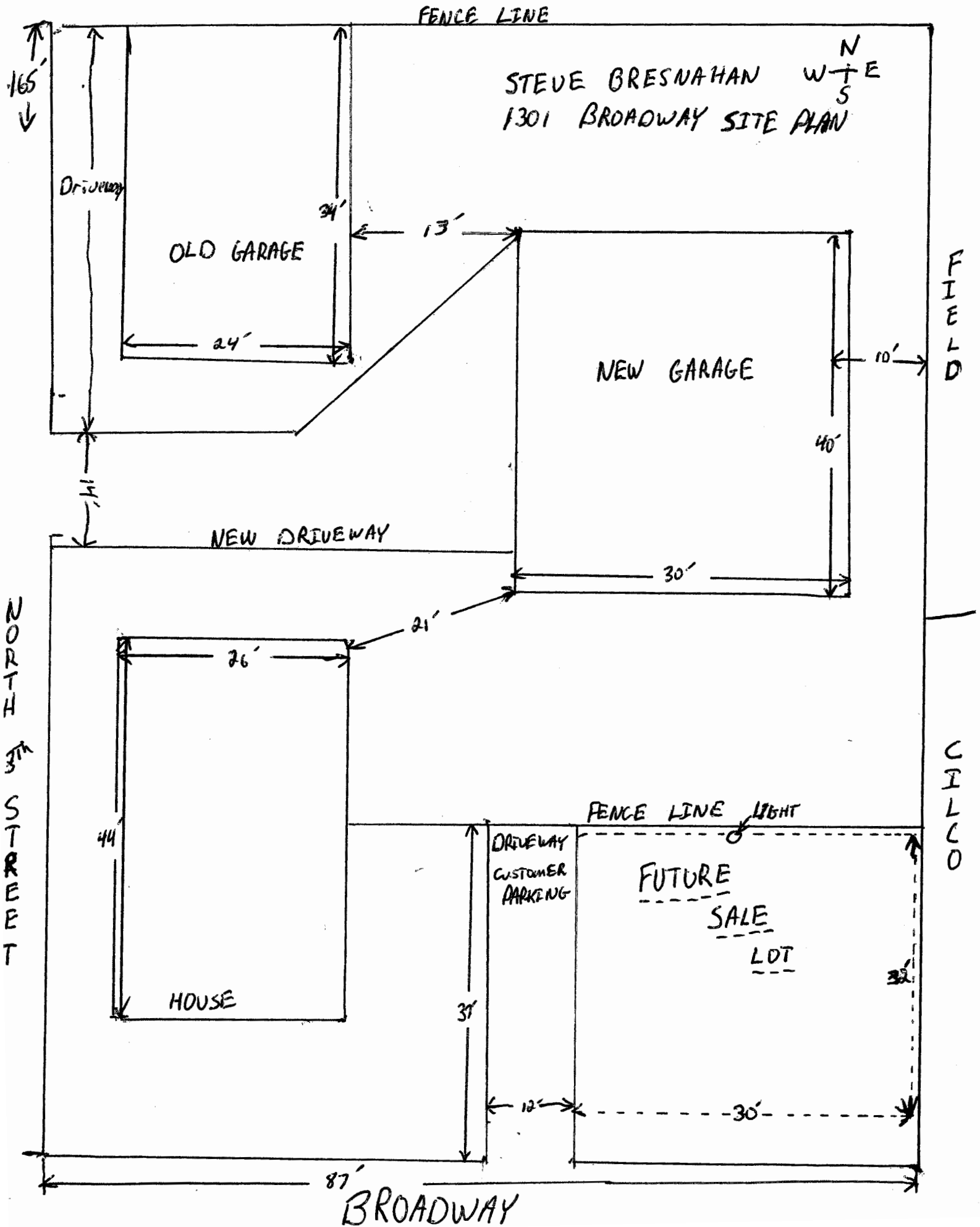
Pekin Planning Commission
May 9, 2007

HEARING #07-1740

The Pekin Planning Commission recommends to Approve the Special Use for Automobile Sales with Accessory Structure Incidental to this Use at 1301 Broadway to the Pekin City Council.

Don Hild, Chairman

Ron Knautz, Vice-Chairman



PLAN CHECKLIST
For Special Use Request

Name Steve Bresnahan

Address 2008 Highwood

Phone # 309-347-8958

Contact Person (if Other than Requestor) _____

CEL
5-3-07

Required Information - Approval Dates		Public Works Director	City Engineer	Code Enforcement	Fire Chief
1.	Subdivision Name and Lot Number			OK	N/A
2.	Local Cross Streets			OK	OK
3.	Lot Layout, Dimension and Setbacks (Site Plan)				N/A
4.	Public Access - Traffic Flow				
5.	Easements				
6.	Sanitary Sewer Locations, Size				
7.	IEPA Sanitary Sewer Permit				
8.	Storm Sewer Location and Size				
9.	Proper Zoning (Current) <u>B-3</u>			OK	N/A
10.	Parking Spaces and Surface				N/A
11.	Sidewalks				N/A
12.	Landscaping				N/A
13.	ADA Compliance				
14.	Driveway Openings (curb cuts)			OK	Not Shown
15.	TIF Area				
16.	Signage Exterior				
17.	Lighting Exterior				
18.	Floor Plan Shown and Dimensions (Building Plan)				OK
19.	Screening or Fencing - Barbed Wire or Electric			OK	OK
20.	Loading and Unloading Areas Shown and Dimensions				
21.	Fire Hydrant Location			Shown shown	OK
22.	Groundwater Recharge Signoff				
23.					
24.					

Application #1: Steve Bresnahan, Owner

Hearing #1: Special Use for Automobile Sales with Accessory Structure Incidental to this Use with PIN #04-04-35-454-001 and Legal Description of Casey's Addn, Block 28 SE ¼ Lot 1 & 27' W of Lot 2 commonly known as 1301 Broadway in Tazewell County, Illinois.

Open Public Hearing: 6:38pm

Steve Bresnahan presented his case and was present for questions.

The Committee had concerns with this possibly turning into a used car lot.

Steve Bresnahan stated it was for personal use only but somewhere down the road he might consider changing it.

Close Public Hearing: 7:04pm

Special Use Review: Ralph Brower, Chairman
Site Plan Review: Bob Schroeder, Chairman

Ralph Brower stated there was no committee meeting and turned it over to the Commission.

MOTION by Jim Bradshaw, Seconded by Bill Craig to approve the Special Use for Automobile Sales with Accessory Structure Incidental. On roll call vote, 6 present voted **AYE**. 2 present voted **NAYE**. **MOTION APPROVED**.

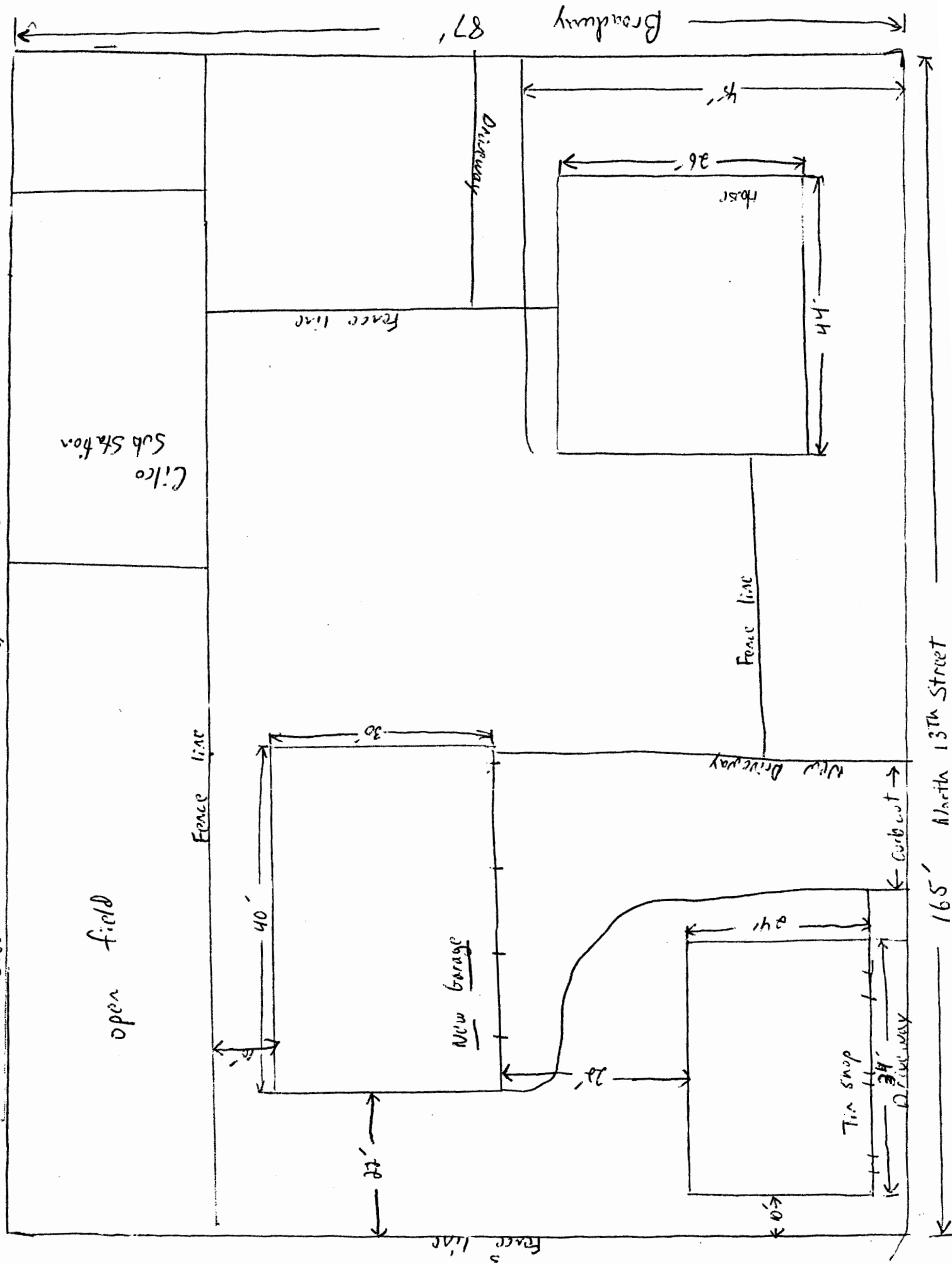
Bob Schroeder stated there was no committee meeting and turned it over to the Commission.

Bob Schroeder stated concern over the Site Plan, as it was not clear.

Discussion took place. It was recommended for Steve Bresnahan to correct his Site Plan and return to the next meeting for Approval.

MOTION by Ralph Brower, Seconded by Michelle Long to Table the Site Plan until a corrected one is presented for the Special Use for Automobile Sales with Accessory Structure Incidental. On roll call vote, All present voted **AYE**. **MOTION APPROVED**.

Steve Bieseman 1301 Broadway Building 5th Floor



I, Steve Bresnahan, hereby submit this letter of statement on April, 10, 2007. This statement is for the construction of a 1200 square foot garage and for a special use permit for outdoor sale of new or used automobiles and /or trailers.

This property has been used in compliance with B-3 zoning for over 30 years to date with the original 1907 building intact. This property is the only 2 lots on the north side of the 1300 block of Broadway and 13th street with structures on it. A Cilco substation is located next door.

PLAN CHECKLIST

1. Casey addition South East 1/4. Lot #1 Block 28 and 27 feet west of lot #2 Block 28.
2. North corner of the 1300 block of Broadway and 13th Street.
9. Zoned B-3.
10. Concrete parking spaces.
11. Sidewalk on Broadway frontage.
12. Trees, bushes and grass landscaping.
14. Driveway openings on Broadway and 13th Street. *curb cut on 13th street*
17. Street light on Broadway.
19. There is a 6 foot fence around 70% of the property.
21. Fire hydrant located on the northwest corner of 13th and Broadway.

Thank you, for your time.

Steve Bresnahan

A handwritten signature in black ink, appearing to read 'Steve Bresnahan', written in a cursive style.

Special Use

for outdoor sales space for
automobile sales / with
accessory structure
incidental to this use

1301 Broadway

Casey Addn
SE $\frac{1}{4}$

Lot 1 Block 28 &

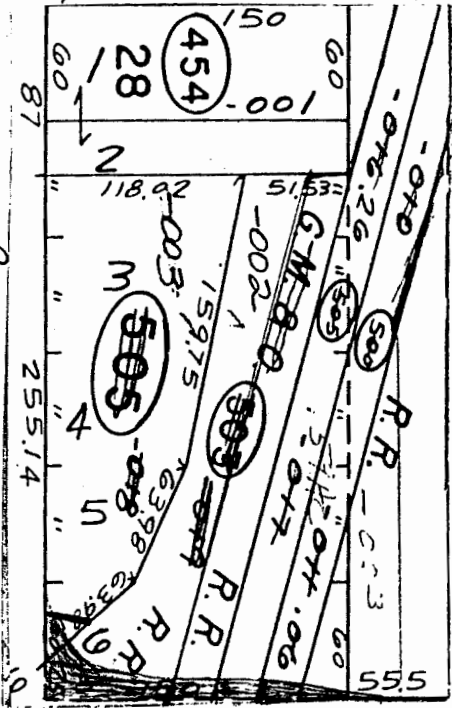
27' W of Lot 2 B/K 28

04-04-35-454-001

Murphy St.

13th St.

Bradway



14th St.

Design # 38888



1/31/2007

*** Take this sheet to the Building Materials counter to purchase your materials. ***

You selected a garage with these options:

30' ~~Wide~~ ^{Deep} X 40' ~~Deep~~ ^{Wide} X 9' High

Gable roof w/ 8/12 pitch rafters 16" O.C.

2x4 Wall Framing Material

0" gable/12" eave overhangs

7/16" OSB Wall Sheathing

7/16" OSB Roof Sheathing

S. Blue Vinyl 4" Double Lap Siding

30 yr. Oakridge, Sierra Gray Shingles

4' Shingleover Ridge Vent

White Vinyl Soffit & Fascia

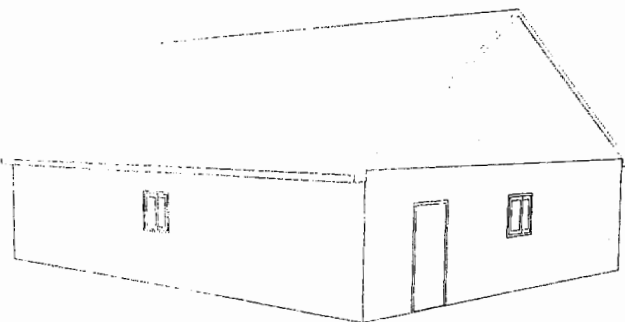
White Regular Roof Edge

White Vinyl Overhead Door Jamb

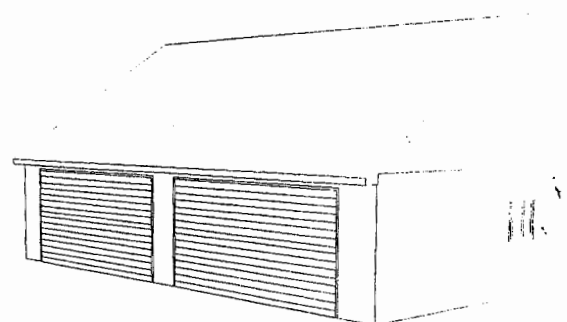
*Estimated
Building Plan*

30' deep X 40' wide X 25' high

Front View



Back View



Today's cost for materials estimated in this design: \$ 7830.44 6208

*The base price includes: 0" Eave/0" Gable Overhangs, Framing Materials, 7/16 OSB Roof Sheathing, 20 yr. Fiberglass Classic - Onyx Black Shingles, Pine Fascia, Galvanized Regular Roof Edge, 8" Textured Vertical Hardboard Siding, No Service Doors, No Overhead Doors, No Windows, or Any Other Options.

***(BASE price): \$ 4594.76**

You may buy all the materials or any part at low cash and carry prices. Because of the wide variable in codes, Menards cannot guarantee that materials listed will meet your building code requirements. These plans are suggested designs and material lists only. We do not guarantee the completeness or prices of these structures. Tax, labor and delivery not included.



City of Pekin

Memo

To: City Manager, Dennis Kief

From: Greg Ranney

CC: Mayor & Council

Date: 6/20/2007

Re: Solid Waste Update

Enclosed is a packet of information that was compiled by you and me starting in 1991-1992 and has additional information through the present time. If you look at the numbers from 12/28/92, (15 years ago) the 2nd year, our estimated garbage costs were \$744,310.00; our actual costs for 2005-06 were \$724,535.00. The 3rd year from 1992 said the garbage costs would be \$794,110.00, our actual was \$790,768.00. The costs were missed by \$3,925.00. I will try to do better on my 2022 prediction. This information from the actual costs after the first two full years of operation along with the charts and graphs tell the story. I along with the Public Works Director, Dennis Kief and Commissioner Dave Tebben felt were real and could benefit our residents are now becoming a reality 15 years later. The monitoring of the contracts to start "in house" yardwaste and recycling collection to the City of Pekin, bidding our own contract for the last 4 bid cycles is now paying off. I felt like the research, the monitoring of the contractor's work, and the rising costs by the outside contractors gave us the history needed and the background support prior to taking the work back "in house". I am very proud for the outcome of what the Public Work's Director/City Manager, the Commissioner/Mayor and myself felt could be a benefit for the City of Pekin residents in 1992 has become a reality in 2007.

GARBAGE EVALUATION



2005-2006 Garbage \$1,041,290.00 actual

Extra driver	-	\$65,000.00	
Extra tons	-	\$35,260.00	
Extra fuel	-	\$41,000.00	
Toter costs	-	<u>\$175,489.00</u>	
		\$724,535.00	Garbage
		\$253,922.00	Yardwaste
		<u>\$305,759.00</u>	Recycling
		\$1,284,216.00	Sub total Solid Waste
	-	<u>\$67,000.00</u>	(Grant from County)
		\$1,217,216.00	Total Solid Waste

- 1992 said 2nd year would be \$1,198,464.00
- 2005-2006 \$1,284,216.00 = \$18,752.00 difference

2006-2007 Garbage \$1,044,677.00 actual

Extra driver	-	\$65,000.00	
Extra tons	-	\$27,500.00	
Toter costs	-	<u>\$161,409.00</u>	
		\$790,768.00	Garbage
		\$286,112.00	Yardwaste
		<u>\$297,226.00</u>	Recycling
		\$1,374,106.00	Sub total Solid Waste
	-	<u>\$102,000.00</u>	(Grant from County)
		\$1,272,106.00	Total Solid Waste

- 1992 said 3rd year would be \$1,268,171.00
- 2006-2007 \$1,272,106.00 = \$3,935.00 difference



FY 2006

SOLID WASTE 2005-2006			
Garbage	\$ 1,041,290		
Extra Driver		\$ 65,000	
Extra Tons		\$ 35,266	
Extra Fuel		\$ 41,000	
Toter Cost		\$ 175,489	
Garbage Total	\$ 724,535		
Yardwaste Total	\$ 253,922		
Recycling Total	\$ 305,759		
Solid Waste Sub-Total	\$ 1,284,216		
County Grant		\$ 67,000	
SOLID WASTE TOTAL	\$ 1,217,216		



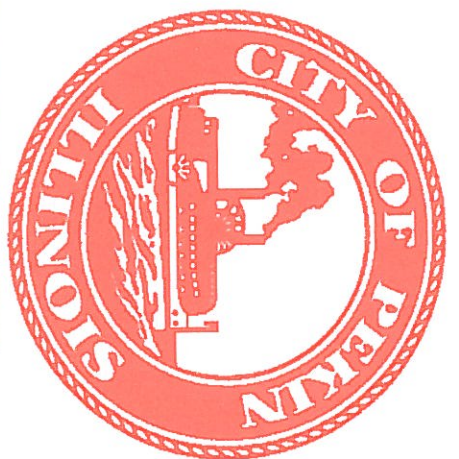
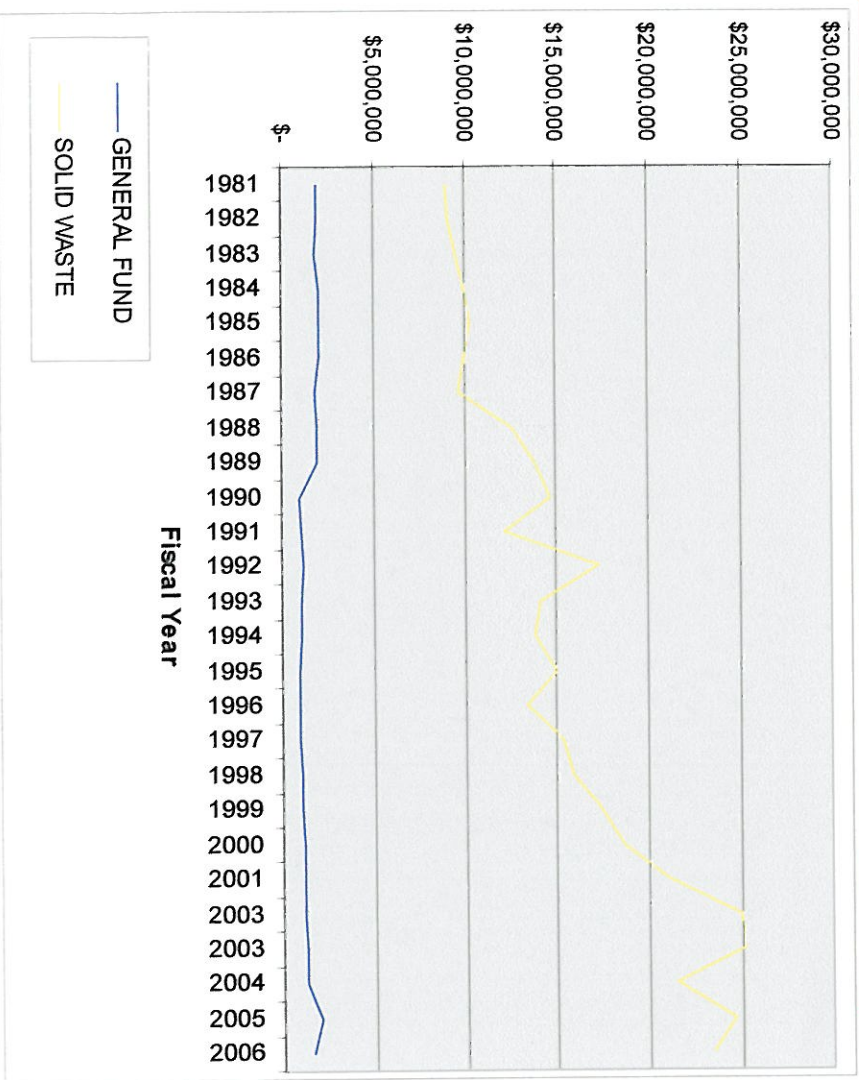
FY 2007

SOLID WASTE 2006-2007			
Garbage	\$ 1,044,677		
Extra Driver		\$ 65,000	
Extra Tons		\$ 27,500	
Toter Cost		\$ 161,409	
Garbage Total	\$ 790,768		
Yardwaste Total	\$ 286,112		
Recycling Total	\$ 297,226		
Solid Waste Sub-Total	\$ 1,374,106		
County Grant		\$ 102,000	
SOLID WASTE TOTAL	\$ 1,272,106		



1981-2006 COSTS

Year Ending April 30	Sanitation	Total	%	CPI
1981	\$ 1,931,731	\$ 9,019,623	21%	89.1
1982	\$ 1,924,115	\$ 9,135,176	21%	94.9
1983	\$ 1,880,971	\$ 9,583,105	20%	98.6
1984	\$ 2,091,082	\$ 10,071,088	21%	103.1
1985	\$ 2,085,279	\$ 10,383,992	20%	106.9
1986	\$ 2,062,479	\$ 10,044,491	21%	108.6
1987	\$ 1,853,592	\$ 9,752,182	19%	112.7
1988	\$ 1,924,928	\$ 12,646,677	15%	117.1
1989	\$ 2,008,699	\$ 13,801,675	15%	123.1
1990	\$ 993,414	\$ 14,745,057	7%	128.9
1991	\$ 1,103,928	\$ 12,250,155	9%	135.2
1992	\$ 1,223,123	\$ 17,373,724	7%	139.5
1993	\$ 1,087,860	\$ 14,190,677	8%	144.0
1994	\$ 1,070,125	\$ 13,894,248	8%	147.4
1995	\$ 966,098	\$ 15,106,095	6%	151.9
1996	\$ 954,002	\$ 13,414,636	7%	156.3
1997	\$ 1,029,604	\$ 15,354,344	7%	160.2
1998	\$ 1,127,016	\$ 15,915,731	7%	162.5
1999	\$ 1,119,046	\$ 17,473,171	6%	166.2
2000	\$ 1,184,143	\$ 18,695,539	6%	171.3
2001	\$ 1,237,572	\$ 21,080,809	6%	176.9
2002	\$ 1,251,752	\$ 24,930,058	5%	179.8
2003	\$ 1,292,922	\$ 25,211,961	5%	183.8
2004	\$ 1,335,480	\$ 21,510,590	6%	188.0
2005	\$ 2,052,959	\$ 24,655,862	8%	194.6
2006	\$ 1,583,104	\$ 23,508,160	7%	201.5



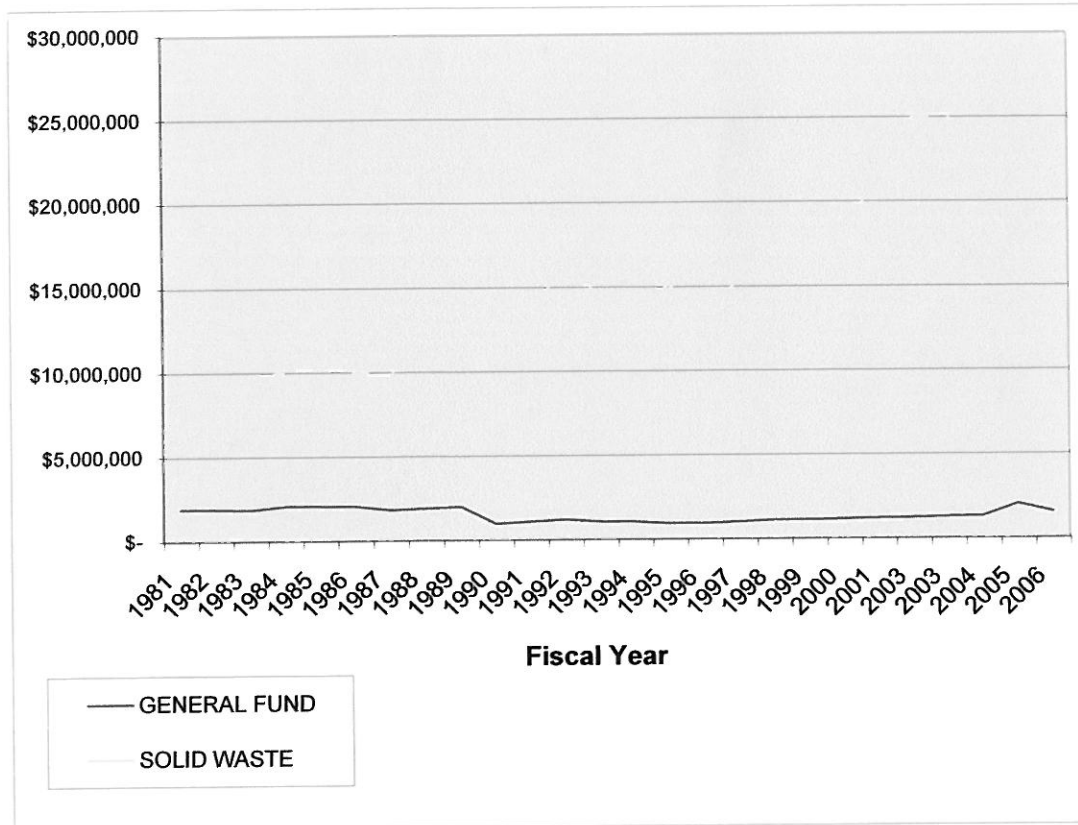
Solid Waste Collection, Transportation & Disposal

	<u>City of Pekin (GB)</u>	<u>Waste Management</u>	<u>Savings</u>	<u>Recycling</u>	<u>Yardwaste</u>	<u>Total Solid Waste (COP)</u>	<u>Total Solid Waste (WM)</u>
Year 1	\$830,172.00	\$1,051,380.00	\$221,208.00	\$292,539.00 - \$67,000.00 = \$225,539.00	\$236,400.00	\$1,292,111.00	\$1,513,319.00
Year 2	<u>City of Pekin (GB)</u> \$879,520.00	<u>Waste Management</u> \$1,106,808.00	<u>Savings</u> \$227,288.00	<u>Recycling</u> 301,315.00 - \$67,000.00 = \$234,315.00	<u>Yardwaste</u> \$243,492.00	<u>Total Solid Waste (COP)</u> \$1,357,327.00	<u>Total Solid Waste (WM)</u> \$1,584,615.00
Year 3	<u>City of Pekin (GB)</u> \$932,807.00	<u>Waste Management</u> \$1,164,828.00	<u>Savings</u> \$232,021.00	<u>Recycling</u> 310,354.00 - \$67,000.00 = \$243,354.00	<u>Yardwaste</u> \$250,797.00	<u>Total Solid Waste (COP)</u> \$1,426,958.00	<u>Total Solid Waste (WM)</u> \$1,658,979.00
Year 4	<u>City of Pekin (GB)</u> \$988,685.00	<u>Waste Management</u> \$1,225,560.00	<u>Savings</u> \$236,875.00	<u>Recycling</u> 319,664.00 - \$67,000.00 = \$252,664.00	<u>Yardwaste</u> \$258,321.00	<u>Total Solid Waste (COP)</u> \$1,499,670.00	<u>Total Solid Waste (WM)</u> \$1,736,545.00
Year 5	<u>City of Pekin (GB)</u> \$1,047,491.00	<u>Waste Management</u> \$1,289,190.00	<u>Savings</u> \$241,609.00	<u>Recycling</u> \$329,253.00 - \$67,000.00 = \$262,253.00	<u>Yardwaste</u> \$266,070.00	<u>Total Solid Waste (COP)</u> \$1,575,814.00	<u>Total Solid Waste (WM)</u> \$1,817,423.00
Year 6	<u>City of Pekin (GB)</u> \$1,109,607.00	<u>Waste Management</u> \$1,356,604.00	<u>Savings</u> \$246,997.00	<u>Recycling</u> \$339,130.00 - \$67,000.00 = \$272,130.00	<u>Yardwaste</u> \$274,052.00	<u>Total Solid Waste (COP)</u> \$1,655,789.00	<u>Total Solid Waste (WM)</u> \$1,901,786.00
Year 7	<u>City of Pekin (GB)</u> \$1,175,469.00	<u>Waste Management</u> \$1,425,180.00	<u>Savings</u> \$249,711.00	<u>Recycling</u> \$349,303.00 - \$67,000.00 = \$282,303.00	<u>Yardwaste</u> \$282,274.00	<u>Total Solid Waste (COP)</u> \$1,740,046.00	<u>Total Solid Waste (WM)</u> \$1,989,757.00
Year 8	<u>City of Pekin (GB)</u> \$1,245,581.00	<u>Waste Management</u> \$1,496,436.00	<u>Savings</u> \$250,855.00	<u>Recycling</u> \$359,782.00 - \$67,000.00 = \$292,782.00	<u>Yardwaste</u> \$290,742.00	<u>Total Solid Waste (COP)</u> \$1,829,105.00	<u>Total Solid Waste (WM)</u> \$2,079,960.00
Year 9	<u>City of Pekin (GB)</u> \$1,320,514.00	<u>Waste Management</u> \$1,571,256.00	<u>Savings</u> \$250,742.00	<u>Recycling</u> \$370,575.00 - \$67,000.00 = \$303,575.00	<u>Yardwaste</u> \$299,465.00	<u>Total Solid Waste (COP)</u> \$1,923,554.00	<u>Total Solid Waste (WM)</u> \$2,174,296.00
Year 10	<u>City of Pekin (GB)</u> \$1,400,928.00	<u>Waste Management</u> \$1,649,820.00	<u>Savings</u> \$248,892.00	<u>Recycling</u> \$381,692.00 - \$67,000.00 = \$314,692.00	<u>Yardwaste</u> \$308,449.00	<u>Total Solid Waste (COP)</u> \$2,024,069.00	<u>Total Solid Waste (WM)</u> \$2,272,961.00

Sources of revenue that fund the Garbage Fund - Property Tax 8.2%, Road & Bridge Fund 0.3% (technically 0), State Income Tax 15.5%, State Sales & Use 36.5%, Local Sales Tax 20.4%, Local Motel 0.9% (technically 0), PPRT 5.5%, Local Motor Fuel 2.6%, Telecommunication 10.0%.

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION 1981-2007

Year Ending April 30	Sanitation	Total	%
1981	\$ 1,931,731	\$ 9,019,623	21%
1982	\$ 1,924,115	\$ 9,135,176	21%
1983	\$ 1,880,971	\$ 9,583,105	20%
1984	\$ 2,091,082	\$ 10,071,088	21%
1985	\$ 2,085,279	\$ 10,383,992	20%
1986	\$ 2,062,479	\$ 10,044,491	21%
1987	\$ 1,853,592	\$ 9,752,182	19%
1988	\$ 1,924,928	\$ 12,646,677	15%
1989	\$ 2,008,699	\$ 13,801,675	15%
1990	\$ 993,414	\$ 14,745,057	7%
1991	\$ 1,103,928	\$ 12,250,155	9%
1992	\$ 1,223,123	\$ 17,373,724	7%
1993	\$ 1,087,860	\$ 14,190,677	8%
1994	\$ 1,070,125	\$ 13,894,248	8%
1995	\$ 966,098	\$ 15,106,095	6%
1996	\$ 954,002	\$ 13,414,636	7%
1997	\$ 1,029,604	\$ 15,354,344	7%
1998	\$ 1,127,016	\$ 15,915,731	7%
1999	\$ 1,119,046	\$ 17,473,171	6%
2000	\$ 1,184,143	\$ 18,695,539	6%
2001	\$ 1,237,572	\$ 21,080,809	6%
2003	\$ 1,251,752	\$ 24,930,058	5%
2003	\$ 1,292,922	\$ 25,211,961	5%
2004	\$ 1,335,480	\$ 21,510,590	6%
2005	\$ 2,052,959	\$ 24,655,862	8%
2006	\$ 1,583,104	\$ 23,508,160	7%
2007	\$ 1,775,751		#DIV/0!





**City of Pekin
Public Works**

Memo

To: City Council

From: Dennis Kief, City Manager/Public Works Director

111 South Capitol Street

Pekin, Illinois 61554 – 4108

309 – 477 – 2300 (Phone) 309 – 346 – 2095 (Fax)

dkief@ci.pekin.il.us

CC: City Clerk

Date: February 16, 2004

Re: Garbage Collection

Again I would like to applaud Greg and his staff on all of their hard work on getting us this far in our evaluation of the most cost-effective means of collecting the City's garbage. First of all I would like to concur with Greg's recommendation on bringing in the Garbage Collection in-house. Actually the proper term would be bringing the Garbage Collection back in-house. Prior to approximately 1972 Garbage Collection was a City Department. At that time it was deemed cost effective to contract that work out. Among the reasons I heard were that the City had been running the trucks with 2 people and Waste Management conducted those operations as a one person operation.

After not bidding the garbage contract for 17+/- years, in 1989 we bid the garbage and substantially reduced the annual costs. Shortly after that, in 1992 we began the mandatory collection of yardwaste materials. Shortly after that we began the curbside recycling. Greg has overseen those operations from day 1 and has done a great job. We have learned a lot, both good and bad, in watching Waste Management's operations over the past 15 years.

We have been evaluating in-house versus contractual since 1992. In fact I have a copy of the June 11, 1992 evaluation should anyone want to look at it. About a year

ago Greg worked up his estimates for us providing those services. When Greg completed his numbers I then reviewed and added some management and overhead costs. The Greg and I sat down with Bob Reis and Jim Warning for their input. Again more overhead was added. Please contact any of the 4 of us for comments on the City's costs that Greg has included in his packet.

Note on the first year saving over the low bid (PDC) is over \$275,000. The incremental increase decreases over the life of the contract, but that diminishing differential is because our numbers have been inflated due to worse case scenarios on items like insurance. Those numbers should be less, but we wanted to be more "safe than sorry".

Not only have we compared our costs with those just bid, but we (mostly Greg) also compared our costs with those of the last option year of Waste Management. Our estimated first year cost of \$524,672 is over \$65,000 less than the \$587,682.93 Waste Management cost.

Again I recommend that you concur with Greg's recommendation. This would allow us to get final costs on vehicles, begin negotiating with the bargaining unit, etc. Contact Greg should you have any specific questions and as always I am available also.



received
2/12/04 DA

City of Pekin

Recommended For
Approval

Memo

To: Denny Kief, City Manager
From: Greg Ranney
CC: Mayor & Council
Date: 2/12/04
Re: Garbage Collection, Transportation & Disposal

Mr. Kief,

I have spent the past 13 years working with our Solid Waste program. As you know over 10 years ago we got into the yardwaste and recycling business to prepare the City for the possible "in house" operation and at the same time to keep Solid Waste contractors fair on their yearly increases. We now have the knowledge of routes, customers, trucks and how the Solid Waste program should operate. Since working with you for the past several weeks after the solid waste bids have been received, I would like to make a recommendation to you, the Mayor and the council, that the City of Pekin operates the Solid Waste program "in house" with our own employees. There is a substantial savings to the residents of the City of Pekin. As you can see by the numbers, even if we exercise the 4th option year we could save \$63,010.93 if we were to do the operation "in house". I feel since we decided to bid the contract that our contract for garbage services have changed and it is not in the best interest of the City of Pekin or its residents to enter into the 4th option year. I am making the recommendation that the City again enter back into the garbage collection service, on September 1, 2004. Please contact me with any question on this recommendation.

Garbage Collection, Transportation & Disposal

Year 1	City of Pekin	Waste Management	Savings	PDC	Savings
	\$830,172.00	\$1,051,380.00	\$221,208.00	\$1,000,000.00	\$169,828.00
Year 2	City of Pekin	Waste Management	Savings	PDC	Savings
	\$879,520.00	\$1,106,808.00	\$227,288.00	\$1,040,000.00	\$160,480.00
Year 3	City of Pekin	Waste Management	Savings	PDC	Savings
	\$932,807.00	\$1,164,828.00	\$232,021.00	\$1,081,600.00	\$148,792.00
Year 4	City of Pekin	Waste Management	Savings	PDC	Savings
	\$988,685.00	\$1,225,560.00	\$236,875.00	\$1,124,864.00	\$136,179.00
Year 5	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,047,491.00	\$1,289,100.00	\$241,609.00	\$1,169,859.00	\$122,368.00
Year 6	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,109,607.00	\$1,355,604.00	\$245,997.00	\$1,216,653.00	\$107,046.00
Year 7	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,175,469.00	\$1,425,180.00	\$249,711.00	\$1,265,319.00	\$89,850.00

Garbage Collection, Transportation & Disposal (Option Years 1 - 3)					
Year 1	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,245,581.00	\$1,496,436.00	\$250,855.00	\$1,315,932.00	\$70,351.00
Year 2	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,320,514.00	\$1,571,256.00	\$250,742.00	\$1,368,569.00	\$48,055.00
Year 3	City of Pekin	Waste Management	Savings	PDC	Savings
	\$1,400,928.00	\$1,649,820.00	\$248,892.00	\$1,423,312.00	\$22,384.00
* Total Savings	City of Pekin	Waste Management	Savings	PDC	Savings
	\$10,930,774.00	\$13,335,972.00	\$2,405,198.00	\$12,006,108.00	\$1,075,333.00
* Total savings over 10 year contract period (7-year contract) & 3 (1-year) options					

Garbage Collection, Transportation & Disposal (Current Contract) September 1, 2004 - August 31, 2005		
Option Year 4	Waste Management	City of Pekin
	\$893,182.93	\$830,172.00
Total Savings		\$63,010.93

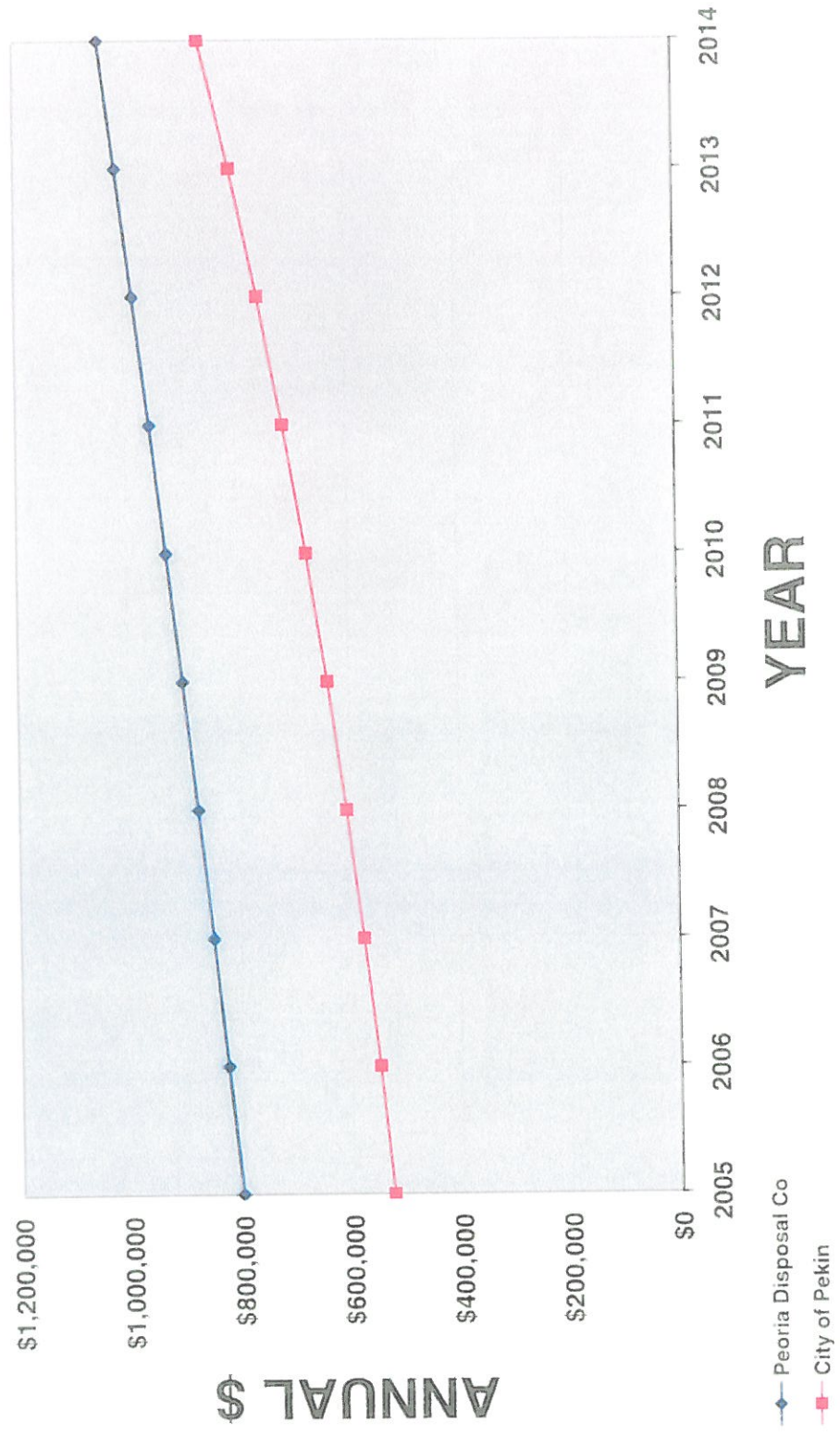
ANNUAL PERCENTAGE INCREASES

W/M IL - Peoria
City of Peoria Bid Results
January 19, 2004

Schedule	Landfill	Trailer	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Option 1	Option 2	Option 3
Collection Only	Indian Creek	Mandatory	\$ 800,000.00	\$ 824,000.00	\$ 848,720.00	\$ 874,182.00	\$ 900,407.00	\$ 927,419.00	\$ 955,242.00	\$ 983,699.00	\$ 1,013,416.00	\$ 1,043,619.00
		WMI	\$ 639,228.00	\$ 669,762.00	\$ 690,580.00	\$ 710,932.00	\$ 731,604.00	\$ 752,600.00	\$ 773,920.00	\$ 795,562.00	\$ 817,524.00	\$ 839,840.00
		ALLIED*	\$ 605,830.00	\$ 620,400.00	\$ 643,670.00	\$ 668,370.00	\$ 694,370.00	\$ 720,370.00	\$ 746,370.00	\$ 772,370.00	\$ 798,370.00	\$ 824,370.00
			68.97/ton	70.60/ton	72.58/ton	74.49/ton	76.45/ton	78.45/ton	80.43/ton	82.40/ton	84.37/ton	86.32/ton
Collection Only	Indian Creek	Optional	\$ 800,000.00	\$ 824,000.00	\$ 848,720.00	\$ 874,182.00	\$ 900,407.00	\$ 927,419.00	\$ 955,242.00	\$ 983,699.00	\$ 1,013,416.00	\$ 1,043,619.00
		WMI	\$ 613,072.00	\$ 635,898.00	\$ 659,004.00	\$ 682,760.00	\$ 706,312.00	\$ 730,653.00	\$ 754,784.00	\$ 778,704.00	\$ 802,416.00	\$ 826,864.00
		ALLIED*	\$ 631,350.00	\$ 654,620.00	\$ 678,590.00	\$ 701,290.00	\$ 724,630.00	\$ 747,600.00	\$ 770,300.00	\$ 792,830.00	\$ 815,180.00	\$ 837,360.00
			68.05/ton	69.74/ton	71.43/ton	73.12/ton	74.81/ton	76.50/ton	78.19/ton	79.88/ton	81.57/ton	83.26/ton
Collection Only	Peoria City/County	Mandatory	\$ 911,188.00	\$ 959,232.00	\$ 1,009,624.00	\$ 1,062,144.00	\$ 1,117,224.00	\$ 1,174,860.00	\$ 1,235,148.00	\$ 1,299,012.00	\$ 1,367,440.00	\$ 1,429,836.00
		WMI										
		ALLIED										
Collection Only	Peoria City/County	Optional	\$ 785,028.00	\$ 826,416.00	\$ 869,736.00	\$ 915,094.00	\$ 962,832.00	\$ 1,012,160.00	\$ 1,064,124.00	\$ 1,117,312.00	\$ 1,173,204.00	\$ 1,231,650.00
		WMI										
		ALLIED										
Terra & Disposal	Indian Creek	Mandatory	\$ 1,000,000.00	\$ 1,040,000.00	\$ 1,081,600.00	\$ 1,124,804.00	\$ 1,169,659.00	\$ 1,216,053.00	\$ 1,265,319.00	\$ 1,315,932.00	\$ 1,368,569.00	\$ 1,423,312.00
		WMI										
		ALLIED										
Terra & Disposal	Indian Creek	Optional	\$ 1,000,000.00	\$ 1,040,000.00	\$ 1,081,600.00	\$ 1,124,804.00	\$ 1,169,659.00	\$ 1,216,053.00	\$ 1,265,319.00	\$ 1,315,932.00	\$ 1,368,569.00	\$ 1,423,312.00
		WMI										
		ALLIED										
Terra & Disposal	Peoria City/County	Mandatory	\$ 1,177,648.00	\$ 1,259,624.00	\$ 1,343,604.00	\$ 1,432,600.00	\$ 1,443,762.00	\$ 1,618,276.00	\$ 1,680,192.00	\$ 1,740,004.00	\$ 1,760,000.00	\$ 1,847,786.00
		WMI										
		ALLIED										
Terra & Disposal	Peoria City/County	Optional	\$ 1,051,380.00	\$ 1,106,800.00	\$ 1,164,028.00	\$ 1,226,660.00	\$ 1,289,100.00	\$ 1,355,604.00	\$ 1,426,180.00	\$ 1,498,400.00	\$ 1,571,266.00	\$ 1,648,620.00
		WMI										
		ALLIED										
Disposal Only	Indian Creek	per ton	\$ 23.50	\$ 25.50	\$ 27.50	\$ 29.50	\$ 31.50	\$ 33.50	\$ 35.50	\$ 37.50	\$ 39.50	\$ 41.50
	Peoria City/County	per ton	\$ 33.25	\$ 35.16	\$ 37.05	\$ 38.95	\$ 40.85	\$ 42.75	\$ 44.65	\$ 46.55	\$ 48.45	\$ 50.35
ALLIED* Bids were presented per ton, for this comparison, 49.869 tons assumed as annual volume												

[illegible]

GARBAGE COLLECTION



Garbage Collection & Transportation

Year	City of Pekin	Waste Management	Savings	PDC	Savings
Year 1	\$524,672.00	\$911,196.00	\$386,524.00	\$800,000.00	\$275,328.00
Year 2	City of Pekin	Waste Management	Savings	PDC	Savings
	\$548,202.00	\$959,232.00	\$411,212.00	\$824,000.00	\$275,980.00
Year 3	City of Pekin	Waste Management	Savings	PDC	Savings
	\$575,307.00	\$1,009,524.00	\$434,217.00	\$848,720.00	\$273,413.00
Year 4	City of Pekin	Waste Management	Savings	PDC	Savings
	\$605,185.00	\$1,062,144.00	\$456,959.00	\$874,182.00	\$268,997.00
Year 5	City of Pekin	Waste Management	Savings	PDC	Savings
	\$637,991.00	\$1,117,224.00	\$479,233.00	\$900,407.00	\$262,416.00
Year 6	City of Pekin	Waste Management	Savings	PDC	Savings
	\$674,107.00	\$1,174,860.00	\$500,753.00	\$927,419.00	\$253,312.00
Year 7	City of Pekin	Waste Management	Savings	PDC	Savings
	\$713,969.00	\$1,235,148.00	\$521,179.00	\$955,242.00	\$241,273.00
Year 8	City of Pekin	Waste Management	Savings	PDC	Savings
	\$758,081.00	\$1,296,912.00	\$538,831.00	\$983,899.00	\$225,818.00
Year 9	City of Pekin	Waste Management	Savings	PDC	Savings
	\$807,014.00	\$1,361,748.00	\$554,734.00	\$1,013,416.00	\$206,402.00
Year 10	City of Pekin	Waste Management	Savings	PDC	Savings
	\$861,428.00	\$1,429,836.00	\$568,408.00	\$1,043,819.00	\$182,391.00



Public Works Department

January 9, 2004

GARBAGE COLLECTION IN-HOUSE ANALYSIS

<u>Manpower</u>	<u>1 Person</u>	<u>4 People</u>
Salary	\$38,022	\$152,088
Overtime	1,520	6,080
OASDI/Medicare	2,908	11,632
IMRF	1,905	7,620
Group Insurance	12,240	48,960
Liability	1,950	7,800
Workers Compensation	1,550	6,200
Subtotal	\$60,095	\$240,340
Supervision		\$35,480
Utilities		8,000
Trucks (Lease)		100,000
Fuel		20,000
Vehicle Maintenance		30,000
Total	\$60,095	\$439,860

Utilities = [\$30,000 (CILCO, Water) + \$3,000 (Telephone)] @ 25% = \$8,000

Supervision = Greg, Linda, Kathy @ 25% (no benefits) = \$35,480

Fuel = Recycling averages \$5,000/truck, Yardwaste averages \$4,000/truck. However, this will be a much longer hauling distance.

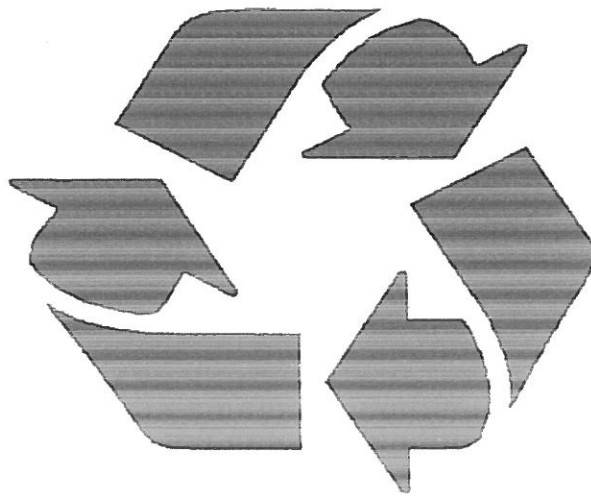
Vehicle Maintenance = Recycling averages \$7,000/truck and Yardwaste averages \$8,000/truck.

garbage inhouse analysis.doc

Dennis Kief, Public Works Director/Asst. City Manager, 111 S. Capitol Street, Pekin, IL 61554

Phone (309) 477-2300 ♦ ♦ ♦ Fax (309) 346-2095 ♦ ♦ ♦ email: dkief@ci.pekin.il.us

CITY OF PEKIN CURBSIDE RECYCLING PLAN



**PEKIN'S
C-A-R-E
PROJECT**

Prepared by:
City of Pekin
Office of Public
Works

Prepared 6/10/92

REVISED 6/12/92



City of Pekin

Pekin, Illinois

COMMISSION FORM GOVERNMENT



Office of Public Works

June 8, 1992

CITY OF PEKIN CURBSIDE RECYCLING PLAN

At the June 2, 1992, Solid Waste Task Force Committee meeting Greg Ranney and I were instructed to prepare a report on the City's proposed curbside recycling program. We have compiled several alternatives regarding the curbside collection and disposal of recyclables. Our alternatives range from satisfying the County's minimum requirements to covering 100% of the residential community. We have also researched the participation rate of comparably sized communities.

When evaluating the economic viability of curbside recycling programs, the complete solid waste management picture needs to be looked at. In this report we have compared a number of garbage, yardwaste, and recycling costs. At this point in time some of our numbers are real costs while others are our best available estimates at the present time.

Several weeks ago Waste Management submitted a proposal to the City Council for the next three (3) years. In that proposal they were able to make their proposals for yardwaste and curbside recycling look viable by extending the garbage hauling contract for two (2) option years. Their bottom line (garbage plus yardwaste plus recycling) may well have been a cost-effective proposal, but they didn't (couldn't) divulge their real numbers. Understandably, they worked within the constraints of the existing garbage contract.

What is fairly safe to assume is that the rate charged in our current garbage contract may now be inflated. When the current garbage contract was bid all waste was collected in one program. There was a deduction provision in that contract knowing that the yardwaste ban would be implemented during the course of that contract. Not knowing the volumes of yardwaste that would be removed from the

overall waste stream Waste Management used their best available information and came up with an approximate \$30,000/year deduction from the garbage contract for removing the yardwaste from the garbage pickup. We then "negotiated" a contract with Waste Management to pickup and dispose of our yardwaste at an annual amount of \$275,000 plus. The City's yardwaste program has gone over extremely well; we are estimating that the yardwaste program has taken 10+% from the garbage volumes collected.

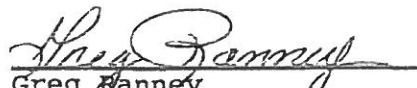
In addition, we now have an extremely successful dropoff recycling program that may be removing as much as another 5% (by volume) from our waste stream. Unfortunately, despite our program successes our garbage contract is not reflecting much of a savings. As stated earlier, this is no one's fault. Neither Waste Management nor the City could project the garbage volume reductions resulting from the successful yardwaste and dropoff recycling programs. With the forthcoming curbside recycling program the volume reductions will increase even more.

Although some of our numbers may be premature we have prepared preliminary estimates of what we project for garbage, yardwaste and curbside recycling programs. Those estimates are based on the City conducting those services. It is very possible that if all or certain components of the solid waste program were bid next year (when the current garbage contract expires) that a private contractor could perform those services more cost effectively than the City is projecting.

Contact us at your convenience should you have any questions concerning this report.

Sincerely,


Dennis Kief
Public Works Director


Greg Banney
Solid Waste Coordinator

ANNUAL GARBAGE FUND APPROPRIATIONS/EXPENDITURES

CITY FY	GARBAGE FUND APPROPRIATIONS		GARBAGE FUND EXPENDITURES		GARBAGE CONTRACT		GARBAGE PAYMENT	
	5/1-4/30	(+/- %)	5/1-4/30	(+/- %)	8/1-7/31	(+/- %)	5/1-4/30	(+/- %)
80-81	1,285,000		1,140,000		683,000		871,807	
81-82	1,012,150	-21.23%	1,008,866	-11.68%	683,000		937,665	7.55%
82-83	1,123,700	11.02%	1,080,675	7.33%	683,000		1,047,945	11.76%
83-84	1,146,020	1.99%	1,109,339	2.65%	683,000		1,087,328	3.76%
84-85	1,113,000	-2.88%	1,128,979	1.59%	683,000		1,126,979	3.65%
85-86	1,175,500	5.62%	1,168,164	3.65%	683,000		1,168,164	3.65%
86-87	1,175,500	0.00%	1,137,954	-2.59%	683,000		1,172,500	0.37%
87-88	1,148,400	-2.31%	1,158,085	1.77%	683,000		1,142,728	-2.54%
88-89	1,220,000	6.23%	1,219,427	5.30%	683,000		1,187,857	3.95%
89-90	900,000	-26.23%	993,413	-18.53%	846,720		966,234	-18.66%
90-91	1,295,000	43.89%	1,122,225	12.97%	872,122	3.00%	842,077	-12.85%
91-92	1,398,920	8.02%	1,219,261	8.65%	902,646	3.50%	864,677	2.68%



City of Pekin

Pekin, Illinois

COMMISSION FORM GOVERNMENT

December 28, 1992

To: Mayor and Commissioners
From: Dennis Kief
Re: Curbside Recycling Plan Update

In January of 1990 the City of Pekin's Solid Waste Task Force Committee was established to steer the City's future in the ever changing regulations affecting solid waste management. The following is the status of the three (3) major components of the City's solid waste program. Three years in the planning and development stages; the garbage, yardwaste and recycling programs have been as thoroughly studied as any program developed by the City of Pekin.

GARBAGE

The City's current garbage contract expires August 31, 1993. As a result of major regulatory changes, such as the yardwaste ban to landfills, the proposed new contract is dramatically changed. Contractors will have the opportunity to bid any or all of several aspects of solid waste management regarding Garbage, Yardwaste, and/or Curbside Recycling. Hauling and/or disposal options are also a part of this document. Other than the options in the contract, the most notable change will be a volume based charge for materials as opposed to the present lump sum charge.

Obviously we will be evaluating the contractor bids versus each other, but also in comparison to our estimates for the City providing those services inhouse. Inasmuch as we are performing the yardwaste collection and disposal services at a lower cost than our previous contractor, we are confident the same may be true for garbage collection and disposal.

YARDWASTE

On February 24, 1992 the "City of Pekin Yardwaste Collection Plan" was submitted to both the Solid Waste Task Force Committee and the City Council. At that time we justified and were given your support to assume the collection and disposal of yardwaste in the City of Pekin on July 1, 1992.

Dennis Kief, Public Works Director
132 Court Street, Pekin, IL 61554
Phone 309-477-2328 FAX 309-346-8607

Since that time we have continued the quality of the program, extended the period of collection by 1½ months, and have reduced the costs substantially. Our last annual contract with our previous contractor was for approximately \$293,000. At our current rate of expenditures our final annual costs will be substantially (more than 15%) under our estimated annual cost of \$260,000.

CURBSIDE RECYCLING

On June 12, 1992, Greg Ranney and I submitted to you a copy of the "City of Pekin Curbside Recycling Plan". That plan had been thoroughly discussed at the June 2, 1992, Solid Waste Task Force Committee meeting. Portions of that report are a part of the package that accompanies this memo. At that time the majority of both the Solid waste Committee and the City Council supported the implementation of a bi-weekly curbside recycling program for half of the City.

On December 8, 1992, the Solid Waste Task Force Committee received staff's recommendation that the program be altered so that the entire community could be served. After much discussion, the consensus of the committee was to provide citywide monthly service utilizing the one truck purchased through the County's money generated through landfill tipping fees.

The cost of running a curbside recycling program for the entire community is estimated at \$233,650 for the year starting April 1, 1993 (target startup date). The following is a summation of the City's funding of this program.

\$233,650	Total Program
\$112,000	County's Contribution
\$121,650	City's Participation

Currently we are picking up approximately 7,000 cubic yards of recycleables annually at our dropoff recycling center. The curbside recycling program is estimated to pickup a minimum of 14,000 cubic yards of material annually. At the current tipping fees (at the landfill), that will result in a minimum direct savings of \$94,500. From those numbers alone the annual curbside recycling cost is reduced to (\$121,650 - \$94,500) \$27,650. By reducing the volumes of garbage (by the recycling program) the garbage trucks won't fill up as fast, therefore reducing the number of trucks and the cost of transporting the materials to the landfill. This savings could easily approach \$27,650.

In addition, the City is in the process of preparing a grant application to the ENR to further offset the cost of the curbside recycling program. That grant would be for the cost of the recycling containers. An alternative could be that the participants in the curbside recycling program purchase their own containers (\$18,650).

Like the yardwaste program the more recycling that occurs the more the environment benefits. Not only is this material diverted from filling up our landfills, but the utilization of recycleables dramatically reduces the processing necessary when utilizing virgin materials. Each ton of newspaper that is recycled eliminates the need for 7 trees to be cut down. Therefore our proposed curbside recycling program saves approximately 300 trees from being cut down each year, not to mention thousands of gallons of freshwater that would be necessary in the paper processing. Other similar examples exist in the utilization of recycled aluminum, etc.

CONCLUSION

For the past three (3) years the City's Solid Waste Task Force Committee have successfully steered the City of Pekin through the regulatory changes in the field of Solid Waste Management. What prior to June of 1990 was handled by one garbage truck, now requires garbage and yardwaste trucks and will soon necessitate a recycling truck.

Obviously the main objective of the State and Federal mandates is to reduce the volumes of materials that are filling up the depleting space in our landfills. The City has been attempting to satisfy those goals in the most cost-effective manner. For three years we have looked at the entire solid waste management picture as it impacts the residents of Pekin. We responded to the yardwaste program first contractually and now inhouse. We have previously committed to the startup of a curbside recycling program. In the last piece of the pie we are now preparing the bidding documents for our garbage collection/disposal contract.

As previously stated, potential bidders can bid the collection and/or disposal of not only garbage, but also yardwaste and curbside recycling. We will then make our final evaluation (inhouse versus contractual) for all aspects of our solid waste program.

Lastly, it continues to be Greg's and my recommendation that the City Council look at removing garbage from the property tax and going to a user fee. The most successful municipal solid waste programs operate on such a fee structure that encourages recycling and yardwaste and discourages the disposition of garbage. Should the City decide to investigate a user fee, the proposed garbage contract includes verbiage to cover such a change, specifically in the shifting of volumes of materials that would be picked up.

We would appreciate the City Council's continued support in the implementation of our solid waste programs. We will be submitting a grant request to the ENR in the next few weeks. Also in the next few weeks we are scheduled to purchase the pull behind recycling container that will supplement our curbside recycling truck. As you can see we are at an important crossroads in the City of Pekin's solid waste management.

DK:ls

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GARBAGE PROGRAM

	YEAR #1	YEAR #2	YEAR #3	YEAR #4	YEAR #5	TOTAL
MANPOWER	\$250,000	\$262,500	\$275,625	\$289,406	\$303,876	\$1,381,407
TRUCK LEASE-BUY	\$104,000	\$104,000	\$104,000	\$104,000	\$104,000	\$520,000
FUEL COSTS	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$276,281
INSURANCE	\$5,000	\$5,250	\$5,512	\$5,787	\$6,076	\$27,625
MAINTENANCE	\$12,500	\$13,125	\$13,781	\$14,470	\$15,193	\$69,069
SUPERVISION	\$12,500	\$13,125	\$13,781	\$14,470	\$15,193	\$69,069
EDUCATION & ADVERTISING	\$3,000	\$3,150	\$3,307	\$3,472	\$3,645	\$16,574
TRUCK HOUSING	\$24,000	\$25,200	\$26,460	\$27,783	\$29,172	\$132,615
UTILITIES	\$12,000	\$12,600	\$13,230	\$13,891	\$14,585	\$66,306
LANDFILL COSTS	\$176,400	\$202,860	\$233,289	\$268,282	\$308,524	\$1,189,355
MISCELLANEOUS	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
TOTAL	\$699,400	\$744,310	\$794,110	\$849,442	\$911,039	\$3,998,301

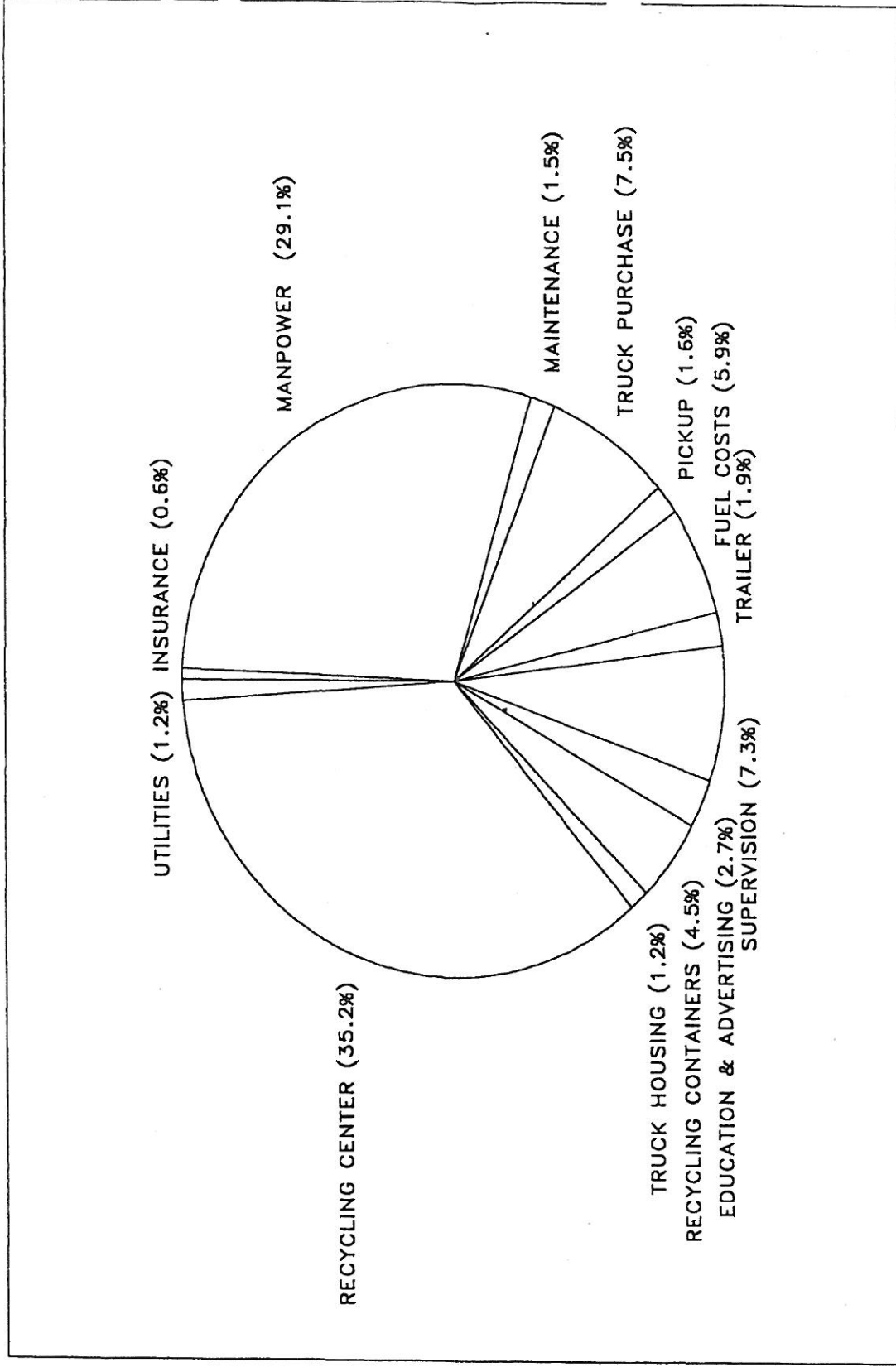
ANNUAL/5 YEARS = \$799,660

PILOT CURBSIDE RECYCLING PROGRAM (50% OF COMMUNITY BI-WEEKLY)

	YEAR #1	YEAR #2	YEAR #3	YEAR #4	YEAR #5	TOTAL
MANPOWER	\$50,000	\$52,500	\$55,125	\$57,881	\$58,675	\$274,181
TRUCK PURCHASE	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$70,710
PICKUP	\$15,000	\$0	\$0	\$0	\$0	\$15,000
TRAILER	\$17,500	\$0	\$0	\$0	\$0	\$17,500
FUEL COSTS	\$10,000	\$10,500	\$11,025	\$11,576	\$12,154	\$55,255
INSURANCE	\$1,000	\$1,050	\$1,102	\$1,157	\$1,214	\$5,523
MAINTENANCE	\$2,500	\$2,625	\$2,756	\$2,894	\$3,038	\$13,813
SUPERVISION	\$12,500	\$13,125	\$13,781	\$14,470	\$15,193	\$69,069
EDUCATION & ADVERTI	\$10,000	\$3,500	\$3,675	\$3,858	\$4,050	\$25,083
RECYCLING CONTAINER	\$18,650	\$6,000	\$6,000	\$6,000	\$6,000	\$42,650
TRUCK HOUSING	\$2,000	\$2,100	\$2,205	\$2,315	\$2,430	\$11,050
UTILITIES	\$2,000	\$2,100	\$2,205	\$2,315	\$2,430	\$11,050
RECYCLING CENTER	\$60,000	\$63,000	\$66,150	\$69,458	\$72,930	\$331,538
TOTAL	\$215,292	\$170,642	\$178,166	\$186,066	\$192,256	\$942,422

ANNUAL/5 YEARS = \$188,484

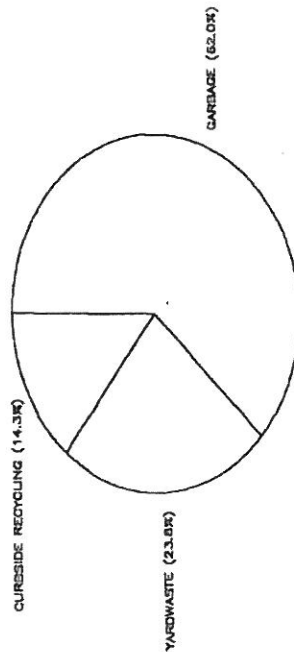
PILOT CURBSIDE RECYCLING PROGRAM (50% OF COMMUNITY BI-WEEKLY)



PROJECTED 5 YEAR SOLID WASTE MANAGEMENT BUDGET

FY	YEAR #1	YEAR #2	YEAR #3	YEAR #4	YEAR #5	5 YEAR TOTAL	ANNUAL AVERAGE
5/1-4/30							
GARBAGE	\$699,400	\$744,310	\$794,110	\$849,442	\$911,039	\$3,998,301	\$799,660
YARDWASTE	\$281,855	\$293,654	\$306,037	\$319,043	\$332,602	\$1,533,191	\$306,638
CURBSIDE RECYCLI	\$233,650	\$160,500	\$168,024	\$175,924	\$182,114	\$920,212	\$184,042
TOTAL PROGRAM	\$1,214,905	\$1,198,464	\$1,268,171	\$1,344,409	\$1,425,755	\$6,451,704	\$1,290,341

ANNUAL AVERAGE PERCENTAGE



ANNUAL GARBAGE FUND APPROPRIATIONS/EXPENDITURES

CITY FY	GARBAGE FUND APPROPRIATIONS		GARBAGE FUND EXPENDITURES		GARBAGE CONTRACT		GARBAGE PAYMENT	
	5/1-4/30	(+/- %)	5/1-4/30	(+/- %)	8/1-7/31	(+/- %)	5/1-4/30	(+/- %)
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90-91	1,295,000	43.89%	1,122,225	12.97%	872,122	3.00%	842,077	-12.85%
91-92	1,398,920	8.02%	1,219,261	8.65%	902,646	3.50%	864,677	2.68%
92-93	1,400,459	0.11%						
93-94	1,214,905	-13.25%						
94-95	1,196,464	-1.35%						
95-96	1,268,171	5.82%						
96-97	1,344,409	6.01%						
97-98	1,425,755	6.05%						

Note: The Garbage Contract was last bid in 1989-90.



City of Pekin

Pekin, Illinois

COMMISSION FORM GOVERNMENT

December 19, 1994

To: Mayor and Commissioners
From: Greg Ranney and Dennis Kief
Re: Solid Waste Management Update

We would like to update you on the status of our solid waste programs one year after our rather extensive bidding process. The City's Solid Waste Management Committee was established in 1990 as a means of addressing the ever changing solid waste mandates. There was a tremendous amount of documentation prepared to justify the step by step evolution of the City's solid waste programs. Copies of those previous reports are available at your request. The following is a summary of the current status of the various components of our solid waste program.

Our March 12, 1993, report summarized the rationale for the 1993 bidding process in the various aspects of solid waste. Like other communities the flow of State and Federal funding has diminished. At the same time County, State and Federal government has implemented many unfunded or underfunded mandates upon local governments. Solid waste management is a prime example of strict regulatory mandates being forced upon local governments with little or no financial incentives being offered. Nobody disagrees that the slogan of "reduce, reuse and recycle" as it applies to our solid waste stream. It is obvious that our landfills are filling up and there is some public opposition to alternative means of disposal of our garbage. It doesn't take too much common sense to realize that unless it was very carefully orchestrated, it would cost significantly more to the citizens of Pekin to have three separate pickups (garbage, yardwaste, and curbside recycling) compared to a single pickup as was the case until 1990.

After a period of 17 years of not bidding the garbage contract, in 1989 the City did bid the garbage contract resulting in a considerable savings to the City. Realizing that a ban on yardwaste (to landfills) materials would take effect during the life of that 4 year contract, bidders were required to calculate a deduct from the garbage contract should a yardwaste collection program commence. The following chart summarizes the garbage contract for the 4 years of that contract. The year prior to that contract is shown as a comparison.

Dennis Kief, Public Works Director
400 Margaret Street, Pekin, IL 61554
Phone 309-477-2328 FAX 309-346-8607

The City's former garbage contract expired August 31, 1993. In the 1993 bidding process, prospective bidders had the option to bid any or all of several aspects of garbage, yardwaste, and/or curbside recycling with hauling and/or disposal options for each. City staff not only prepared the contract documents, but also estimated the City's cost of providing those same services inhouse. On December 28, 1992, our projected costs were made public. The following paragraphs summarize each major component of our Solid Waste Management Plan.

GARBAGE

In the December 28, 1992, report, we estimated our first year cost of inhouse garbage collection and disposal at \$699,400 (\$523,000 collection and \$176,400 disposal). Both Pekin Waste Systems (Waste Management) and Browning-Ferris Industries bids came in under our projected inhouse estimates. According to the bids received, BFI's bid hauling to the Tazewell County Landfill was the lowest acceptable bid.

The City's current residential Solid Waste production for the period of September 1, 1993 , through August 31, 1994, was 47,053.83 cubic yards, Yardwaste collection was 15,000 cubic yards and Recycling was 7,613.00 cubic yards. Therefore our overall garbage volume was reduced to 24,440.83 cubic yards. Based on the \$6.33/C.Y. tipping fee for garbage at the Tazewell County Landfill, that equates to an annual tipping fee of \$155,092.78. That figure added onto the Collection and Transportation figure of \$450,548 equates to an annual \$605,640.78.

YARDWASTE

On February 24, 1992 the "City of Pekin Yardwaste Collection Plan" was submitted to both the Solid Waste Task Force Committee and the City Council. At that time we justified and were given your support to assume the collection and disposal of yardwaste in the City of Pekin effective July 1, 1992. Since that time we have continued the quality of the program, extended the period of collection by 1½ months, and have reduced the costs substantially. As stated previously, our last contractual year of the yardwaste collection and disposal was in the amount of \$293,280. At our current rate of expenditures our final 92/93 annual costs were approximately \$200,000. Assuming a 6.5% increase in operating cost our 93/94 projected cost was \$213,000 (\$169,500 Collection and Transportation plus \$43,500 Tipping Fee). Our initial numbers were based on the disposal of yardwaste materials at the Peoria Disposal Company's site at Pottstown. With the compost site at the Pekin Recycling facility activated, the annual compost fee was estimated to be reduced by approximately \$10,000. The lowest contractual bid received was from Pekin Waste Systems in the amount of \$184,800 (\$175,560 if going to Pekin Recycling) plus the tipping fee of \$7.25/C.Y. (\$43,500) totals \$228,300 or some \$15,300 higher than our projected inhouse figures. Keep in mind our projected inhouse figures are artificially high. Figures such as salaries, printing & publishing, legal notices, etc. are incurred regardless of the City providing the service or merely administering the service.

CURBSIDE RECYCLING

In our original proposal to the Solid Waste Task Force Committee and the City Council, we estimated weekly curbside recycling to cost approximately \$347,176 (excluding grants). Due to the City's limited financial resources we were limited to a citywide monthly pickup of curbside recyclables while retaining the dropoff site for additional dropoffs. Our first year cost was estimated at \$121,650 (\$233,650 including County grant monies). Our second year cost increases to \$160,500 (excluding any grant monies). This inhouse cost is significantly less than the contractual (Pekin Waste) bid price for weekly pickup of recyclables (\$256,400 for Collection and Transportation plus \$3.25/Cubic Yard Tipping Fee at Erlichmans).

As we stated in our justification to start curbside recycling, a one truck monthly pickup will be a good start into our program. However, we projected that quantities may quickly justify a two truck bi-weekly (or weekly) pickup of recyclables. As was the case with the Yardwaste justification, the recycling numbers for the City include costs that would be incurred regardless if the services were performed inhouse versus contractual.

We recommended that the City perform the Curbside Recycling Collection, Transportation, and Disposal services inhouse. The materials are hauled to the Pekin Recycling Center at the first year tipping fee of \$3.50/Cubic Yard. Furthermore, we will closely monitor the volumes of recyclables picked up. If the volumes warrant we may recommend diverting additional materials from the waste stream. It certainly makes sense to pay \$3.50/Cubic Yard to recycle over the \$6.33/Cubic Yard that it will cost to landfill materials. The actual FY 1992/3 Curbside Recycling costs were \$120,267 while 1993/4 Curbside Recycling costs were \$160,683.

From September 1, 1993 through August 31, 1994, 15,000 cubic yards of solid waste were diverted from the landfill (\$6.33/C.Y. tipping fee) and instead taken to the recycling center (\$3.50/C.Y. tipping fee). That results in an annual savings of \$42,450.00 [15,000 C.Y. x (\$6.33 - \$3.50/C.Y.)] by taking those materials to the recycling center.

SUMMARY

It is very obvious that the City's solid waste management program has undergone major changes over the past six years. We have managed to blend a successful blend of public-private partnership and cooperation. The citizens of Pekin have been the winners both financially and environmentally.

First we were mandated by the State to dispose of our yardwaste separate from our garbage. Next, the County dictated that we institute a curbside recycling program separate from the garbage and yardwaste contracts. So in a matter of four years, we went from having one garbage truck picking up all of our solid waste to three solid waste trucks separately picking up garbage (contract), yardwaste (inhouse), and recycleables (inhouse).

Very integral to this overall solid waste management plan was the bidding of the various components of the program. A thorough cost-effective analysis of City costs

enabled us to put together the public-private combination that is functioning very well for us. In the City's Fiscal Year 1988/89 it cost \$1,111,581 for a single pickup of the City's solid waste. In Fiscal Year 1993/94 it cost \$1,079,589 to separately pickup the City's garbage, yardwaste, and recycleables.

The following chart best summarizes where we are today with the volume figures for solid waste picked up and disposed of between September 1, 1993 and August 31, 1994.

PROGRAM	VOLUMES	PERCENT
Garbage	24,440.83 C.Y.	51.94%
Yardwaste	7,613.00 C.Y.	16.18%
Recycling	15,000.00 C.Y.	31.88%
TOTAL	47,053.83 C.Y.	100.00%

We are already compiling information that we could incorporate into the bidding documents in 1997 that could provide further financial savings to the City. A second curbside recycling vehicle will be looked at as will be utilizing wastewater sludge in conjunction with our yardwaste composting.

The following chart summarizes our original estimate of inhouse costs versus actual costs for the first year of our garbage contract.

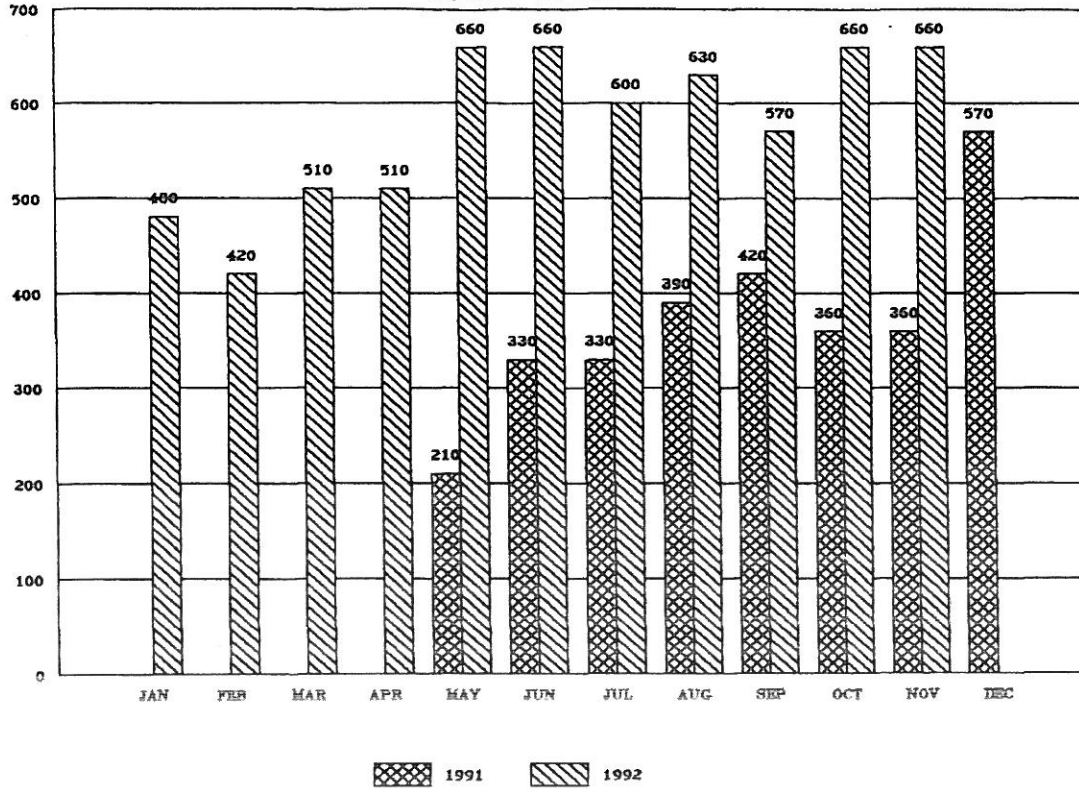
PROGRAM	ESTIMATE	BID	ACTUAL
Garbage	\$699,400.00	\$582,120.00	\$605,640.78
Yardwaste	\$213,000.00	\$264,600.00	\$215,352.00
Recycling	\$223,650.00	\$365,400.00	\$160,683.00

SOLID WASTE PROGRAM EVALUATION (9/1/93 - 8/31/94)

	GARBAGE				RECYCLING				YARDWASTE			
	Tons Per Month	C.Y. per Month	Per Ton Cost	Monthly Cost	Curbside C.Y./Month	Dropoff C.Y./Month	Total C.Y./Month	Per C.Y. Cost	Monthly Cost	C.Y. Per Month	Per C.Y. Cost	Monthly Cost
1993 SEPTEMBER	1,028.31			14,159.98	900.00	480.00	1,380.00	3.50	4,830.00	638.50	7.25	4,613.37
OCTOBER	922.74			12,706.13	840.00	420.00	1,260.00		4,410.00	1,000.50		7,253.77
NOVEMBER	933.60			12,855.67	780.00	450.00	1,230.00		4,305.00	1,203.50		9,968.76
DECEMBER	914.06			12,866.06	750.00	450.00	1,200.00		4,200.00	174.00		1,566.00
1994 JANUARY	795.78			10,957.89	810.00	480.00	1,290.00		4,515.00	522.00		3,784.50
FEBRUARY	729.03			10,038.74	780.00	360.00	1,140.00		3,990.00	0.00		0.00
MARCH	948.18			13,056.44	750.00	510.00	1,260.00		4,410.00	0.00		0.00
APRIL	969.96			13,356.35	780.00	510.00	1,290.00		4,515.00	855.50	7.25/9.00	6,949.13
MAY	950.51			13,088.52	810.00	480.00	1,290.00		4,515.00	1,218.00	9.00	10,962.00
JUNE	1,028.01			14,155.70	720.00	450.00	1,170.00		4,095.00	638.00		5,742.00
JULY	968.02			13,329.64	870.00	480.00	1,350.00		4,725.00	667.00		5,220.00
AUGUST	1,054.58			14,521.66	690.00	450.00	1,140.00		3,990.00	696.00		6,264.00
TOTAL	11,242.78	24,440.83		155,092.78	9,480.00	5,520.00	15,000.00		52,500.00	7,613.00		62,323.53
AVERAGE MONTHLY	936.90	2,036.74		12,924.40	790.00	460.00	1,250.00		4,375.00	634.40		5,193.63
PER CENT (VOLUME)		51.94%			(20.15%)	(11.73%)	31.88%			16.18%		

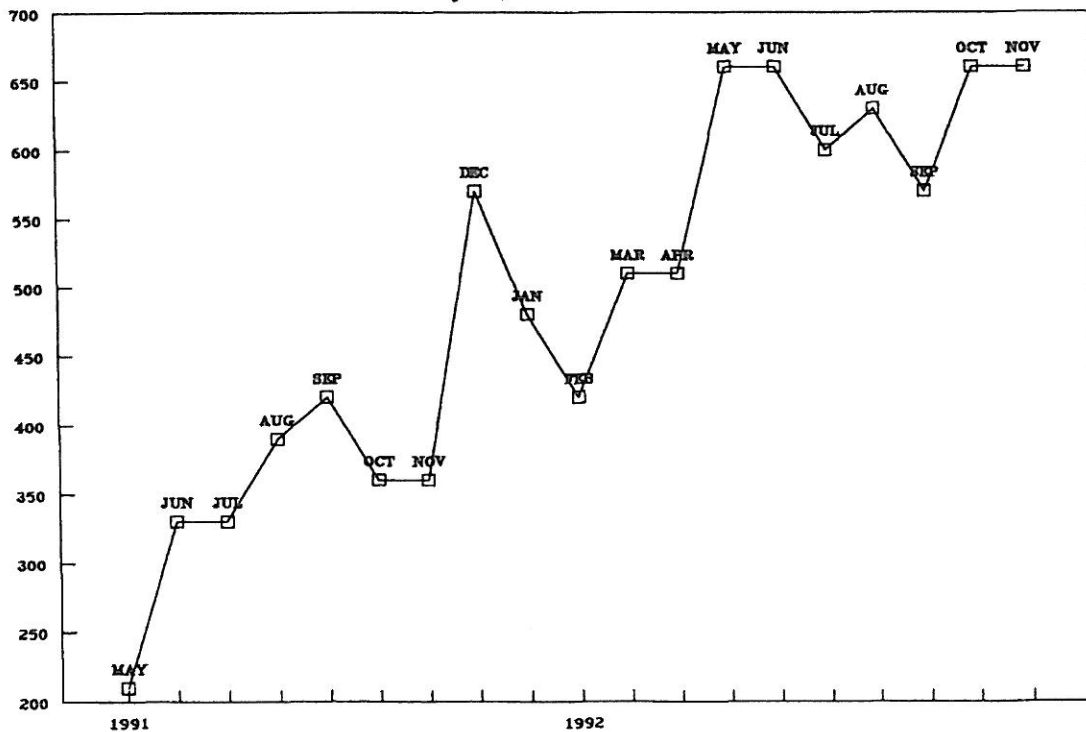
TOTAL YARDS - MONTHLY

May 1991 - Nov 1992



TOTAL YARDS - MONTHLY

May 1991 - Nov 1992



DROPOFF RECYCLING QUANTITIES

PILOT CURBSIDE RECYCLING PROGRAM (100% OF COMMUNITY MONTHLY)

	YEAR #1	YEAR #2	YEAR #3	YEAR #4	YEAR #5	TOTAL
MANPOWER	\$50,000	\$52,500	\$55,125	\$57,881	\$58,675	\$274,181
TRUCK PURCHASE	\$65,000	\$0	\$0	\$0	\$0	\$65,000
PICKUP	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$16,000
TRAILER	\$15,000	\$0	\$0	\$0	\$0	\$15,000
FUEL COSTS	\$10,000	\$10,500	\$11,025	\$11,576	\$12,154	\$55,255
INSURANCE	\$1,000	\$1,050	\$1,102	\$1,157	\$1,214	\$5,523
MAINTENANCE	\$2,500	\$2,625	\$2,756	\$2,894	\$3,038	\$13,813
SUPERVISION	\$12,500	\$13,125	\$13,781	\$14,470	\$15,193	\$69,069
EDUCATION & ADVERTISING	\$5,000	\$3,500	\$3,675	\$3,858	\$4,050	\$20,083
RECYCLING CONTAINERS	\$18,650	\$6,000	\$6,000	\$6,000	\$6,000	\$42,650
TRUCK HOUSING	\$2,000	\$2,100	\$2,205	\$2,315	\$2,430	\$11,050
UTILITIES	\$2,000	\$2,100	\$2,205	\$2,315	\$2,430	\$11,050
RECYCLING CENTER	\$50,000	\$63,000	\$66,150	\$69,458	\$72,930	\$321,538
TOTAL	\$233,650	\$160,500	\$168,024	\$175,924	\$182,114	\$920,212

ANNUAL/5 YEARS = \$184,042

Note:

This 5 year plan assumes that the program will be run with 1 truck and 1 man.
If quantities warrant, a second man and truck will be cost-effectively evaluated
versus the savings in material that wouldn't have to be transported to the landfill (tipping fee).

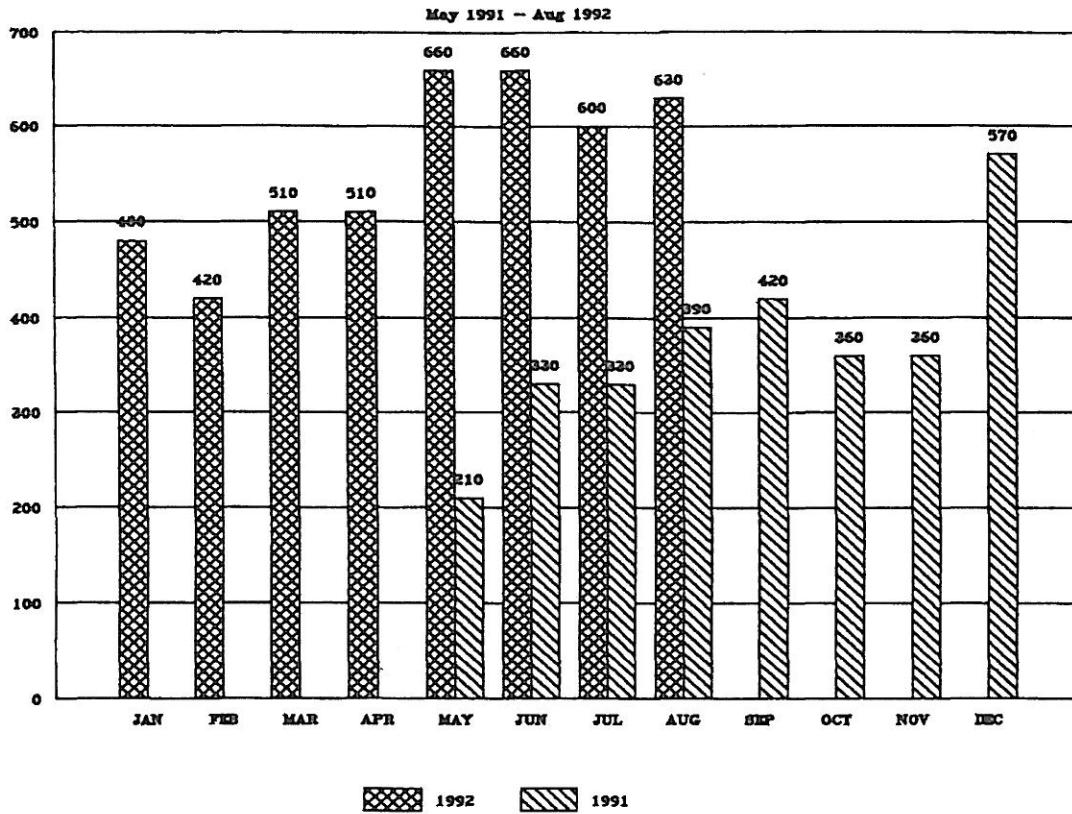
**CITY OF PEKIN
MCDONALD'S RECYCLING DROPOFF SITE
TOTAL YARDS / MONTHLY**

1991	PAPER	PLASTIC	GLASS	METAL	TOTAL YARDS
MAY	90	88	20	12	210
JUN	120	146	40	24	330
JUL	120	162	30	18	330
AUG	150	176	40	24	390
SEP	150	190	50	30	420
OCT	120	176	40	24	360
NOV	150	162	30	18	360
DEC	210	264	60	36	570
TOTAL	1110	1364	310	186	2970
1992	PAPER	PLASTIC	GLASS	METAL	TOTAL YARDS
JAN	180	220	50	30	480
FEB	150	190	50	30	420
MAR	210	220	50	30	510
APR	210	204	60	36	510
MAY	270	278	70	42	660
JUN	270	278	70	42	660
JUL	270	234	60	36	600
AUG	210	308	70	42	630
TOTAL	1770	1932	480	288	4470

1991 TOTAL	1110	1364	310	186	2970
1992 TOTAL	1770	1932	480	288	4470
	2880	3296	790	474	7440

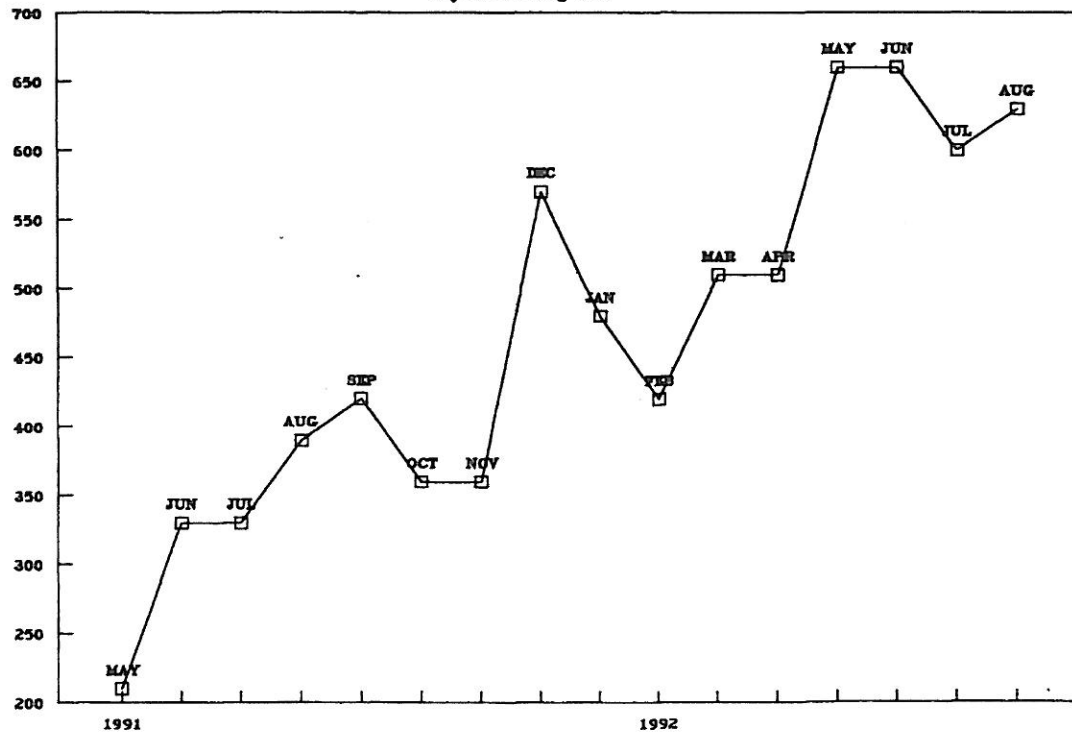
TOTAL YARDS - MONTHLY

Solid Waste



TOTAL YARDS - MONTHLY

May 1991 - Aug 1992



PROPOSED CITY OF PEKIN WASTE PROGRAM

	YEAR #1 (91-92)	YEAR #2 (92-93)	YEAR #3 (93-94)	YEAR #4 (94-95)	YEAR #5 (95-96)	5 YEAR TOTAL
	PURCHASE	LEASE	PURCHASE	LEASE	PURCHASE	LEASE
POWER	\$100,000	\$105,000	\$110,250	\$115,760	\$121,550	\$552,560
TRUCKS PURCHASE	\$180,000	\$44,000	\$44,000	\$44,000	\$0	\$180,000
FUEL COSTS	\$14,000	\$14,700	\$15,435	\$16,210	\$17,020	\$77,365
INSURANCE	\$1,500	\$1,575	\$1,655	\$1,740	\$1,825	\$8,295
MAINTENANCE	\$3,000	\$3,150	\$3,310	\$3,475	\$3,650	\$16,585
SUPERVISION	\$12,500	\$13,360	\$14,030	\$14,730	\$15,470	\$70,090
POST SITE	\$100,000	\$105,000	\$110,250	\$115,765	\$121,550	\$552,565
TOTAL	\$411,000	\$242,785	\$254,930	\$267,680	\$281,065	\$1,457,460

PROPOSED CITY OF PEKIN CURBSIDE RECYCLING

	YEAR #1	YEAR #2	YEAR #3	YEAR #4	YEAR #5	5 YEAR TOTAL
	PURCHASE	PURCHASE	PURCHASE	PURCHASE	PURCHASE	PURCHASE
HANPOWER (2)	\$100,000	\$105,000	\$110,250	\$115,760	\$121,550	\$552,560
TRUCKS PURCHASE	\$148,000	\$0	\$0	\$0	\$0	\$148,000
FUEL COSTS	\$14,000	\$14,700	\$15,435	\$16,210	\$17,020	\$77,365
INSURANCE	\$1,500	\$1,575	\$1,655	\$1,740	\$1,825	\$8,295
MAINTENANCE	\$3,000	\$3,150	\$3,310	\$3,475	\$3,650	\$16,585
SUPERVISION	\$12,500	\$13,360	\$14,030	\$14,730	\$15,470	\$70,090
RECYCLING CENTER	\$120,000	\$126,000	\$132,000	\$138,600	\$145,500	\$662,100
TOTAL	\$399,000	\$263,785	\$276,680	\$290,515	\$305,015	\$1,534,995

Added to
Power & Fuel
Costs

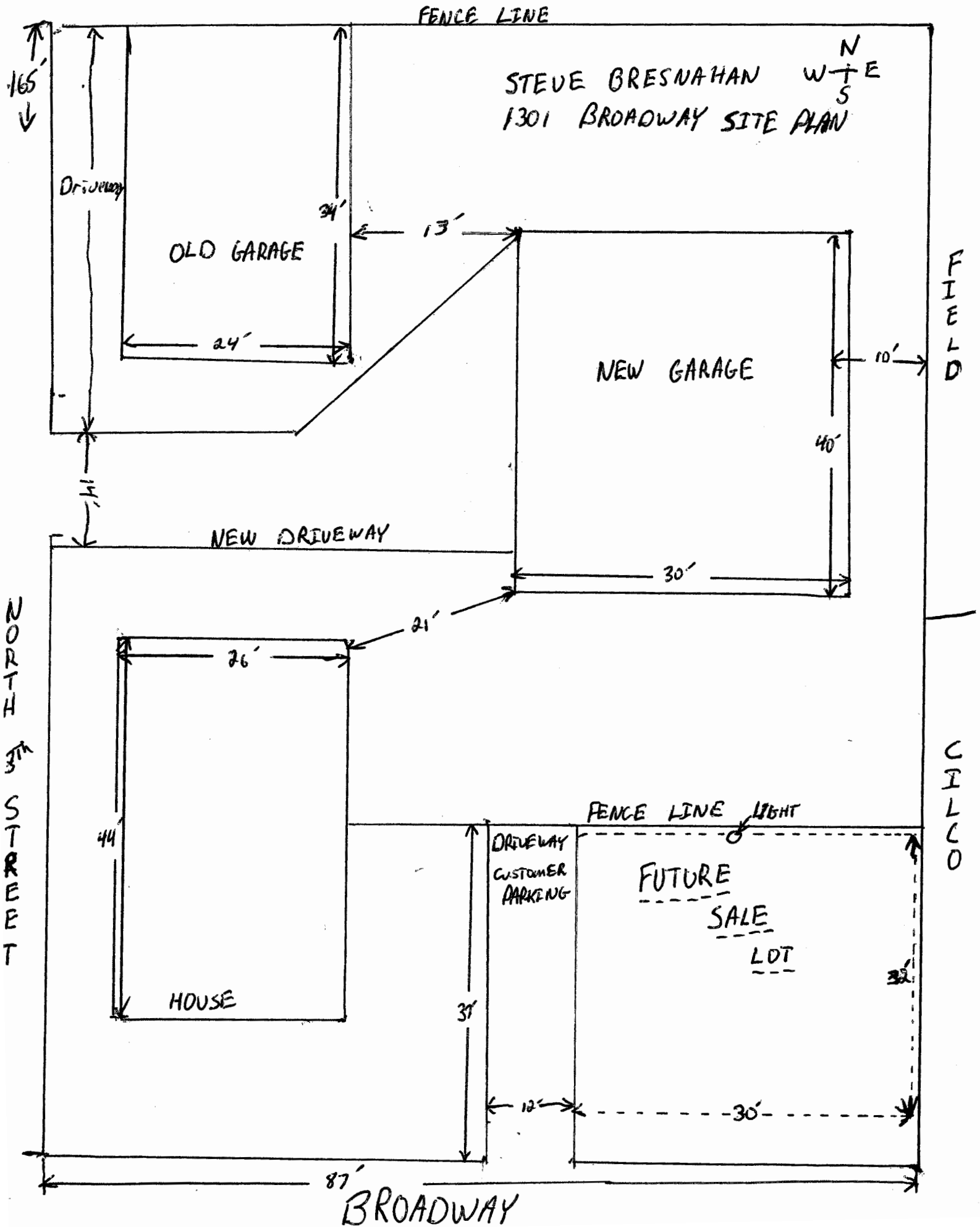
Pekin Planning Commission
May 9, 2007

HEARING #07-1740

The Pekin Planning Commission recommends to Approve the Special Use for Automobile Sales with Accessory Structure Incidental to this Use at 1301 Broadway to the Pekin City Council.

Don Hild, Chairman

Ron Knautz, Vice-Chairman



PLAN CHECKLIST
For Special Use Request

Name Steve Bresnahan

Address 2008 Highwood

Phone # 309-347-8958

Contact Person (if Other than Requestor) _____

CEL
5-3-07

Required Information - Approval Dates		Public Works Director	City Engineer	Code Enforcement	Fire Chief
1.	Subdivision Name and Lot Number			OK	N/A
2.	Local Cross Streets			OK	OK
3.	Lot Layout, Dimension and Setbacks (Site Plan)				N/A
4.	Public Access - Traffic Flow				
5.	Easements				
6.	Sanitary Sewer Locations, Size				
7.	IEPA Sanitary Sewer Permit				
8.	Storm Sewer Location and Size				
9.	Proper Zoning (Current) <u>B-3</u>			OK	N/A
10.	Parking Spaces and Surface				N/A
11.	Sidewalks				N/A
12.	Landscaping				N/A
13.	ADA Compliance				
14.	Driveway Openings (curb cuts)			OK	Not Shown
15.	TIF Area				
16.	Signage Exterior				
17.	Lighting Exterior				
18.	Floor Plan Shown and Dimensions (Building Plan)				OK
19.	Screening or Fencing - Barbed Wire or Electric			OK	OK
20.	Loading and Unloading Areas Shown and Dimensions				
21.	Fire Hydrant Location			Shown shown	OK
22.	Groundwater Recharge Signoff				
23.					
24.					

Application #1: Steve Bresnahan, Owner

Hearing #1: Special Use for Automobile Sales with Accessory Structure Incidental to this Use with PIN #04-04-35-454-001 and Legal Description of Casey's Addn, Block 28 SE ¼ Lot 1 & 27' W of Lot 2 commonly known as 1301 Broadway in Tazewell County, Illinois.

Open Public Hearing: 6:38pm

Steve Bresnahan presented his case and was present for questions.

The Committee had concerns with this possibly turning into a used car lot.

Steve Bresnahan stated it was for personal use only but somewhere down the road he might consider changing it.

Close Public Hearing: 7:04pm

Special Use Review: Ralph Brower, Chairman
Site Plan Review: Bob Schroeder, Chairman

Ralph Brower stated there was no committee meeting and turned it over to the Commission.

MOTION by Jim Bradshaw, Seconded by Bill Craig to approve the Special Use for Automobile Sales with Accessory Structure Incidental. On roll call vote, 6 present voted **AYE**. 2 present voted **NAYE**. **MOTION APPROVED**.

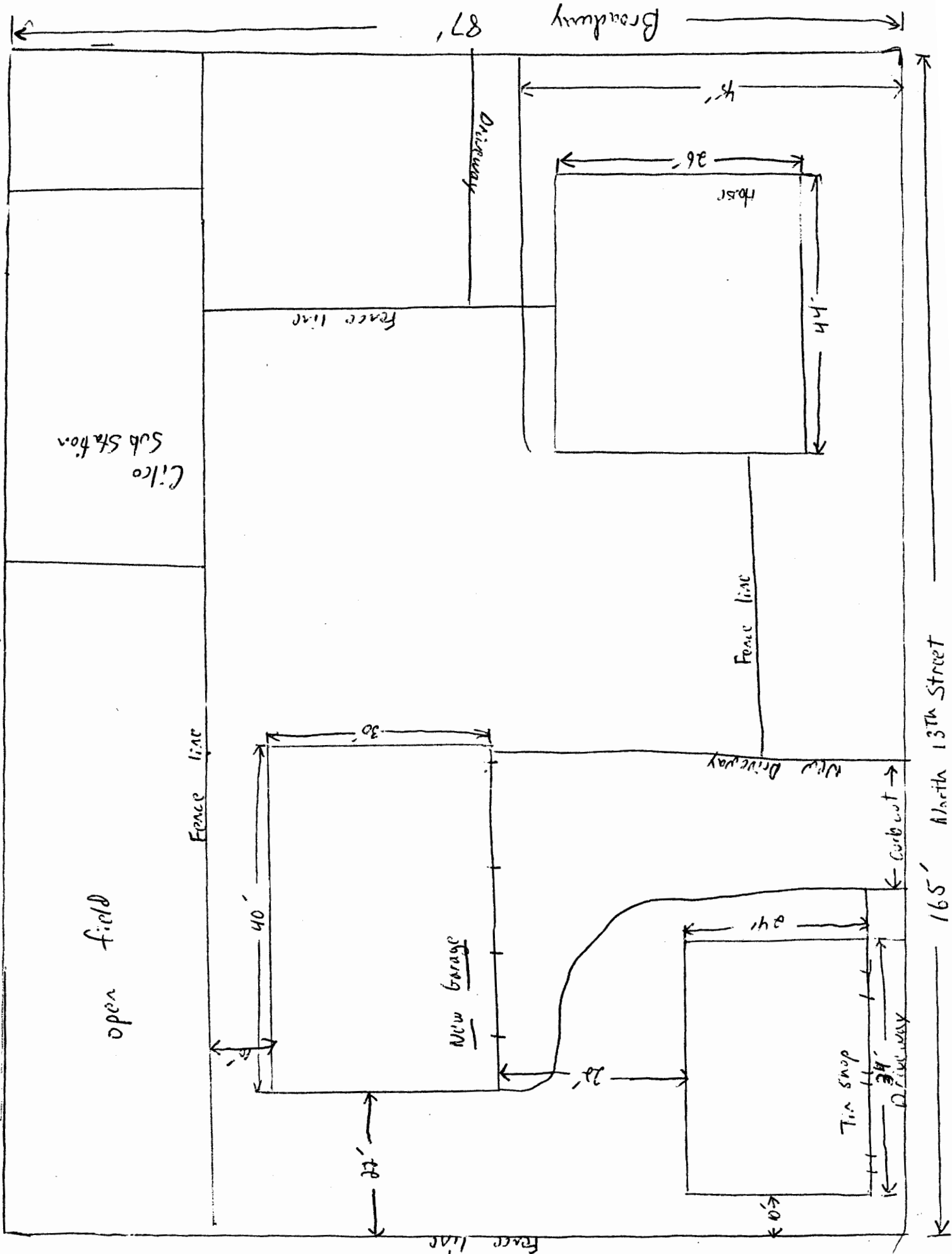
Bob Schroeder stated there was no committee meeting and turned it over to the Commission.

Bob Schroeder stated concern over the Site Plan, as it was not clear.

Discussion took place. It was recommended for Steve Bresnahan to correct his Site Plan and return to the next meeting for Approval.

MOTION by Ralph Brower, Seconded by Michelle Long to Table the Site Plan until a corrected one is presented for the Special Use for Automobile Sales with Accessory Structure Incidental. On roll call vote, All present voted **AYE**. **MOTION APPROVED**.

Steve Brosnahan 1301 Broadway Building Site Plan



I, Steve Bresnahan, hereby submit this letter of statement on April, 10, 2007. This statement is for the construction of a 1200 square foot garage and for a special use permit for outdoor sale of new or used automobiles and /or trailers.

This property has been used in compliance with B-3 zoning for over 30 years to date with the original 1907 building intact. This property is the only 2 lots on the north side of the 1300 block of Broadway and 13th street with structures on it. A Cilco substation is located next door.

PLAN CHECKLIST

1. Casey addition South East 1/4. Lot #1 Block 28 and 27 feet west of lot #2 Block 28.
2. North corner of the 1300 block of Broadway and 13th Street.
9. Zoned B-3.
10. Concrete parking spaces.
11. Sidewalk on Broadway frontage.
12. Trees, bushes and grass landscaping.
14. Driveway openings on Broadway and 13th Street. *curb cut on 13th street*
17. Street light on Broadway.
19. There is a 6 foot fence around 70% of the property.
21. Fire hydrant located on the northwest corner of 13th and Broadway.

Thank you, for your time.

Steve Bresnahan

A handwritten signature in black ink, appearing to read 'Steve Bresnahan', written in a cursive style.

Special Use

for outdoor sales space for
automobile sales / with
accessory structure
incidental to this use

1301 Broadway

Casey Addn
SE $\frac{1}{4}$

Lot 1 Block 28 &

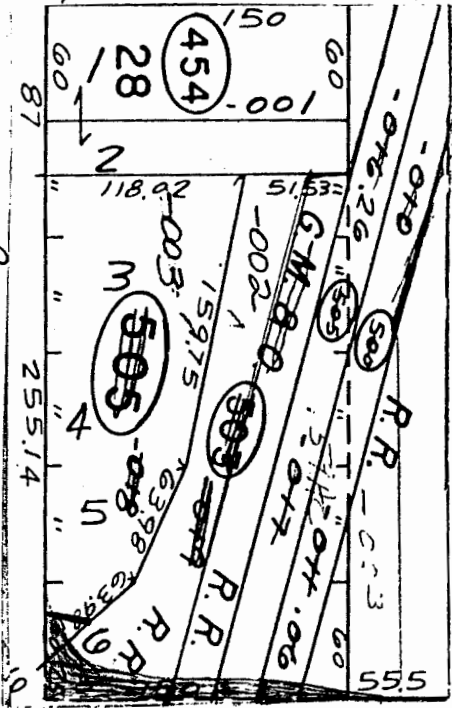
27' W of Lot 2 B/K 28

04-04-35-454-001

Murphy St.

13th St.

Bradway



14th St.

Design # 38888

MENARDS

Design-It™

1/31/2007

*** Take this sheet to the Building Materials counter to purchase your materials. ***

You selected a garage with these options:

30' ~~Wide~~ ^{Deep} X 40' ~~Deep~~ ^{Wide} X 9' High

Gable roof w/ 8/12 pitch rafters 16" O.C.

2x4 Wall Framing Material

0" gable/12" eave overhangs

7/16" OSB Wall Sheathing

7/16" OSB Roof Sheathing

S. Blue Vinyl 4" Double Lap Siding

30 yr. Oakridge, Sierra Gray Shingles

4' Shingleover Ridge Vent

White Vinyl Soffit & Fascia

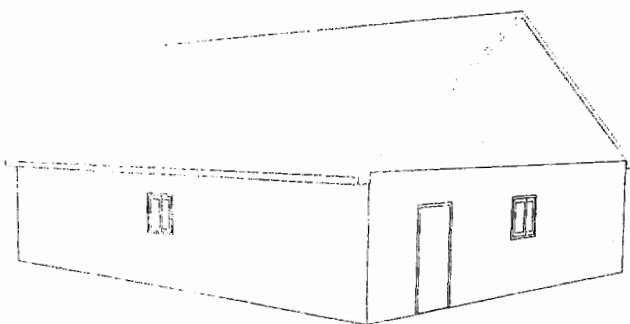
White Regular Roof Edge

White Vinyl Overhead Door Jamb

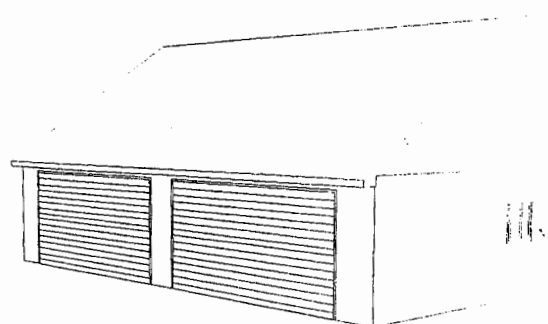
*Estimated
Building Plan*

30' deep X 40' wide X 25' high

Front View



Back View



Today's cost for materials estimated in this design: \$ 7830.44 6208

*The base price includes: 0" Eave/0" Gable Overhangs, Framing Materials, 7/16 OSB Roof Sheathing, 20 yr. Fiberglass Classic - Onyx Black Shingles, Pine Fascia, Galvanized Regular Roof Edge, 8" Textured Vertical Hardboard Siding, No Service Doors, No Overhead Doors, No Windows, or Any Other Options.

*(BASE price): \$ 4594.76

You may buy all the materials or any part at low cash and carry prices. Because of the wide variable in codes, Menards cannot guarantee that materials listed will meet your building code requirements. These plans are suggested designs and material lists only. We do not guarantee the completeness or prices of these structures. Tax, labor and delivery not included.



REQUEST FOR COUNCIL ACTION

To: Honorable Mayor and Members of the City Council

CC: Sue McMillan, City Clerk

From: Dennis Kief, Pam Anderson and Steve Brown

AGENDA ITEM: Tourism Grant – Tazewell County Historic Places Society
Arts Fair Showcase

AGENDA DATE REQUESTED: June ²⁵~~11~~, 2007

ACTION REQUESTED: Approval of a Grant in the amount of \$500.00

BACKGROUND: There are 2 categories of grants offered by the City's Tourism Department.

- 1) Visitor's Bureau Grant (for groups bringing overnight visitors to Pekin; amount not to exceed 1/3 total cost of event, or \$5,000.00, whichever is less)
- 2) Community Event Grant (for Pekin nonprofit groups planning a community event – amount not to exceed 50% total cost of event, or \$500.00, whichever is less)

This event would qualify as a Community Event Grant. The total estimated expense for this (July 7th and 8th) event is \$3,090.00. The event will include Columbia Riverboat Remembrance Service, Jazz musicians, Wine tasting, Food vendors, Art demonstrations/classes and Arts & Crafts vendors. We would recommend that their grant in the amount of \$500.00 be approved. This is the maximum amount for this grant category.

FINANCIAL IMPACT: \$500.00 for the Event (Budgeted Line Item from Hotel/Motel Tax Revenue)

NEIGHBORHOOD CONCERNS: N/A

IMPACT IF APPROVED: Payment made for successful event

IMPACT IF DENIED: Potential financial hardship for future similar events

ALTERNATIVES: No viable options.

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: Consistent with High Quality of Life theme



Tazewell County Historic Places Society

Tazewell County Museum and Educational Center
2950 Court St.
Pekin, Illinois 61554
1-309-347-8375 or 1-309-346-1889

May 24, 2007

Visitors Bureau
City of Pekin
111 S. Capitol St.
Pekin, Il. 61554

Re: Special Events Grant

Enclosed is the grant application for the Pekin Riverfront Arts Fair Showcase event to be held on July 7 & 8, 2007.

Thank you.

Sincerely,

Christal E. Dagit

Christal E. Dagit, President & Director
Tazewell County Museum & Educational Center
Tazewell County Historic Places Society

Department Director

Finance Department

Corporation Counsel

(Certification of Review) Date
Dan Kuf 6/10/07
 Date

City Manager

Special Events and Grant Application

Pekin Visitors Bureau



Indicate all facilities being requested: Assembly Location Riverfront Park & Miller Park
Pier Riverfront Park ☒ Other Dispersal Location

ORGANIZATION

Name of applicant organization Tazewell County Historic Places Society
Address 2950 Court St., Pekin, IL
Phone 347-8375 Fax e-mail cdagit@tntslink.net

Designated Representative Christal Dagit
Position in/with applicant organization President
Address 1413 Charlotte, Pekin, IL 61554
Phone 346-1889 Fax 346-1889 e-mail

Event Management History This is the second annual Pekin Riverfront Arts Festival and Columbia Memorial Observance

Is applicant organization certified not-for-profit? ☒ Yes ☐ No

EVENT

Event name Pekin Riverfront Arts Festival and Columbia Memorial
Description of Event Artists and craftsmen will exhibit their artwork
Wine tasting on Saturday from Mackinaw Valley Winery and musical groups performing
Event Date July 7-8 Event Hours 10-8 & 10-5 Set Up Time 8-10 AM
Musicians or Band Suzuki Strings and
Alcoholic beverages served ☒ Yes ☐ No Food served ☒ Yes ☐ No

How will the event help promote a positive image of Pekin? This will promote Pekin's cultural development and recognize an event of the past.

ATTENDEES

Projected total number of attendees 1,000 Targeted Age Group All ages
Advertising efforts Newspapers, posters, flyers, and TV

What type of media coverage do you expect to attract (check all that apply)
Local ☒ Regional ☒ State-wide () National () International ()

List all sources of event financing Sponsorships, donations, and fees

Estimated total cost of producing event \$ 3,090.00
Estimated net profit made by this event \$ ~~unknown~~ 500.00
Purposes for these proceeds To promote the 2008 Pekin Riverfront Arts Festival so it will be an even bigger event.

Friday Fun-D Raiser Grant Request

Total amount requested from City of Pekin \$ *
(*amount not to exceed \$500)

Uses for funds being requested (specific)

Security Services, ADVERTISING

Circle Requested Date June 27 July 11 July 25 Aug 8 Aug 22
 Sept 12 Sept 26 Oct 10 Oct 24

CITY SERVICES REQUESTED

Streets Closing (list all streets affected) _____

Vendor, Merchant &/or Exhibitor spaces 30 # Parking Spaces All lots Shuttle ☐ Yes ☐ No
Water ☒ Yes ☐ No Electricity ☒ Yes ☐ No Other _____

The applicant does hereby covenant and agree that any loss or damage which may arise or be caused to any person or property by reason of this applicant or the applicant's agent's want of care shall be borne by the applicant and the applicant shall hold the city harmless in every and all respects from any damage, loss or liability including reasonable attorney fees and court costs, resulting from any acts by the applicant, the applicant's agents, its employees, or participants or from the conduct of the applicant, its employees, or participants in the event as designated in this application.

Applicant: Christal E. Dagit May 24, 2007
(Signature) (Date)

✂

(This section to be completed by staff)

Approved ()
Denied () _____
Police Chief _____ Date _____
officers Required _____
X \$____/HR = \$ _____

Approved ()
Denied () _____
Mayor _____ Date _____

Received: _____ by _____ Distributed: _____ by _____
(Date) (Date)

Copy Distribution:

() Mayor () Police Chief () Fire Chief
() Public Buildings Department () City Clerk () VB File
() Paula () Others _____

Pekin Visitors Bureau
111 S. Capitol
Pekin, Illinois 61554
309-477-2300 ~ e-mail tourism@ci.pekin.il.us
www.pekintourism.com



H:\GRANTS\FRIDAY FUND RAISERS.doc

**Tazewell County Historic Places Society
Tazewell County Museum & Educational Center for History, Arts,
Science and Technology**

**Proposal for the 2007 Pekin Riverfront Arts Fair at the
Riverfront Park and Miller Park.**

**Proposed Events and Activities
Center Stage at Pavilion**

Columbia Riverboat Remembrance Service. (As in the past featuring the Pekin Fire Department Memorial Volunteers, this year honoring the passing of Lucille Adcock on August 13, 2006, our last survivor and all of the survivors and victims. This is the 94th year since the sinking of the Columbia Steamer)

Jazz musicians, Nick Boettcher & Brian Quinn on Saturday evening. Other musicians at other times.

Event area - Wine tasting event area and arts display area

Parking Lot - Reserved for food vendors and Event Information Center

Miller Park Shelter

Shelter - 1) Arts demonstrations & Art classes
2) Face painting

Miller Park Glassy areas

30 to 40 canopy pop-up tents for fine arts and arts & crafts vendors

**Budget for Grant Application for Arts Fair Showcase
July 7 & 8, 2007**

Rental of Porta Toilets, Little Johnnie's - 4 or 5	\$ 320.00 to \$ 400.00
Sound System - Mikes & Speakers	\$ 400.00 to \$450.00
Advertising - Pekin Daily Times, Journal Star and other county papers	\$ 500.00
Posters, Flyers & Yard Signs	\$ 750.00
Insurance - 2 day coverage	\$150.00 to \$200.00
Art Supplies & Demo items	\$ 50.00
Pop-up Canopy for Office Use	\$ 75.00
Jazz Musician & other musical entertainment	\$ 400.00
Security officer	\$ 245.00
10 per cent contingency expense funds	\$ 200.00
Total	\$ 3,090.00



Grant Evaluation Guidelines

May 2005-April 2006

Pekin Visitor's Bureau Grant (for overnight visitors)

1. Percent of total budget of the event supplied by the grant (not to exceed 1/3 of the total budget or \$5000, whichever is less).
2. Estimated number Pekin motel rooms to be used by event participants. The estimated revenue generated from hotel rooms should equal or exceed the amount of the grant. (Based on the formula of \$72 per night.)
3. If #2 is not applicable, the revenue generated from the estimated number of non-resident event attendees should equal or exceed the amount of the grant. (Based on the formula of \$89 per person per day.)
4. Specific use of grant money requested should cover expenses for a certain item(s), and not become the event's sole revenue.
5. The sources and methods of event financing will be considered.
6. The revenue expected to be generated through the event, as well as the planned use of the proceeds, will be considered.
7. The nature, reputation and activities of the applying organization, as well as the past history of the event, will be considered.
8. The additional activities planned in Pekin, as well as the additional facilities used in Pekin, will be considered.
9. The amount of positive publicity for Pekin will be considered.

Community Event Grant (for Pekin non-profit organizations)

Pamela

1. Specific use of grant money requested should cover expenses for a certain item(s), and not become the event's sole revenue. (i.e. money for band, money for posters, etc.). *list on budget sheet*
- OK 2. The percent of the total event budget that is covered by the grant will be considered. The grant should not exceed more than 50% of the total budget or \$500, whichever is less.
- OK 3. The sources and methods of event financing will be considered. *-sponsorships, donations & fees*
4. The revenue expected to be generated through the event, as well as the planned use of the proceeds, will be considered. *last years? OK*
- OK 5. The nature, reputation and activities of the applying organization, as well as the past history of the event, will be considered.
- OK 6. The amount of positive publicity generated for Pekin will be considered.
7. Only one grant per organization will be awarded per year.

yearly event - history list available?



City of Pekin

CITY OF PEKIN POLICY NO. 11

City of Pekin Policy for Visitor's Bureau Program

Policy

Revenue Source

Revenue to support the Visitor's Bureau comes from the City of Pekin's 5% hotel/motel tax. The tax generates approximately \$125,000 per year of which approximately \$50,000 is available for grants.

Program Overview

The Pekin Visitor's Bureau 1) participates in the Illinois River Country/Scenic Byway Campaign through various publications, representation and events; 2) administers the tourism grant program; 3) maintains and distributes all promotional publications for the Visitor's Bureau (includes brochures, fliers, folders, inserts, etc.); 4) maintains the Bureau's website and Calendar of Events; 5) creates and places advertisements in various publications; 6) acts as a spokesperson and liaison for special events; 7) and performs additional duties as assigned by the City Manager.

Purpose of the Grants

Within the Visitor's Bureau budget, \$50,000 is earmarked for the purpose of awarding grants to special events brought to Pekin. The purpose of the grant program is to assist organizations in hosting events that will promote a positive image to our visitors, generate overnight stays, generate retail sales in our community, and create a desire to return in the future.

Grants will be awarded contingent on adequate funds being available.

Eligibility Requirements

- ▶ Eligible applicants for funding consideration are local entities (defined as organizations located in Pekin or conducting substantial activities or programs in the community) submitting applications for projects that have the primary objective of attracting visitors from markets 50+ miles away, thus filling up our restaurants and hotels.
- ▶ Priority will be give to new/start up events rather than to sustain established events.
- ▶ Eligible organizations include non-profits, units of government, and for-profit sponsors whose events will accomplish the goals of the tourism program.
- ▶ Grants will not exceed 1/3 the total cost of the expense budget, or not more than \$5000.
- ▶ Eligible and applicable costs could include advertising, print materials, production of an event to attract visitors/tourists, agency fees, application or bidding fees, and development of a permanent tourist attraction.
- ▶ Ineligible costs would include administrative expenses, operating expenses, office supplies, and sales tax.

► Organizations that would be ineligible include those that discriminate because of race, color, creed, gender, or national origin; political organizations; capital campaigns; and previous grant recipients who have not fulfilled all administrative guidelines.

► Projects funded must credit the City of Pekin in all programs, advertisements, and press releases.

Application and Payment Procedure

Unless otherwise approved by the City Council, grants will be awarded *after* the event takes place. Payment will be made upon receipt of a close-out report which will consist of a brief narrative report of the completed project, a summary financial statement for the project, and copies of publicity which indicate the City of Pekin's support of the project. Awardees shall submit verifiable evidence of hotel/motel occupancy within Pekin attributable to the event.

Generally full advance payments will not be approved. But in the case of exceptions, the applicant must submit a narrative report, financial statement, and copies of publicity following the event. Failure to do so will jeopardize any future requests from the organization.

Grant applications submitted more than four weeks after the event has occurred will not be considered.

Interested organizations can submit a grant application for their event to the Pekin Visitor's Bureau, 111 S. Capitol St., Pekin, IL 61554.

Selection Criteria

The City of Pekin's Visitor's Bureau Director and the City Manager will administer the selection process, but the City Council will make the final decision regarding awarding the grants. Recommendations for grant approval by City staff will be based upon the estimated economic impact, including visitor spending and room night generation, as reported on the event close-out report. Evidence of financial planning, need and sustainability, and growth potential will be considered. Events should offer an overall benefit to the Pekin area, as well as demonstrate a cooperative effort among entities.

The event should demonstrate a need for financial support.

Purpose

This policy is adopted to provide professional resources for visitors activities that encourage overnight stay and enhance the visitor's experience while in our community.

Adopted this 13th day of November 13, 2006 .



Grant Pre-Application

Please select the grant for which you are applying:

- ☐ Visitor's Bureau Grant (for groups bringing overnight visitors to Pekin; amount not to exceed 1/3 total cost of event, or \$5,000.00, whichever is less)
- ☐ Community Event Grant (for Pekin nonprofit groups planning a community event – amount not to exceed 50% total cost of event, or \$500.00, whichever is less)

Organization Name: _____

Contact Person: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Is the organization certified not-for-profit: _____

Event Description:

Event Name: _____

Description: _____

Location: _____

Date: _____ Start Time: _____ End Time: _____

Will Food and beverages be available: _____

Do you have an authorized liquor license? _____

Describe the alternate plan if inclement weather occurs: _____

Event Attendance (estimated):

Estimated Number of attendees: _____ Number of guests staying in Pekin Hotels: _____

Estimated Number of Hotel Rooms blocked: _____ Distance guests will travel (in miles): _____

Describe how this event will bring visitors to Pekin: OVERNIGHT VENDORS AND VISITORS TO PEKIN

Describe any 'spin off' local events from overnight guests: MEALS + DINING, GASOLINE PURCHASES AND SHOPPING

Event History:

Number of years this event has been held: _____

Number of attendees last year: 300 plus Number of guests staying in Pekin Hotels last year: 2

List the profit or loss for last year's event: \$385.00 profit From 1 DAY event

Publicity:

What methods will this event be publicized (attach a marketing plan if available): _____

Please check what kind of media coverage you expect to attract:

☐ Local ☐ Regional ☐ State ☐ National ☐ International

If a grant is awarded, the Pekin Visitor's Bureau must be acknowledged in all media and advertising.

Budget:

Total amount estimated from the Pekin Visitor's Bureau: _____
(For Visitor's Bureau grant (for groups bringing overnight visitors to Pekin) amount not to exceed 1/3 total cost of event, or \$5,000.00, whichever is less. For Pekin nonprofit groups planning a community event, amount is not to exceed \$500.00)

Please specify the use of funds being requested: _____

Please attach a copy of your estimated budget, listing all expenses and other revenue sources. I have read and agree to comply with the attached "City of Pekin Policy for Visitor's Bureau Program".

Submitted by: _____ Date: _____

✂ _____

For Office Staff:

☐ Application eligible for grant funds: _____ ☐ Grant Eligibility Denied: _____
(list amount and date approved) (list date denied)

Signed by: _____ Date: _____

Pekin Visitor's Bureau Comments: _____

Distribute to: ☐ City Clerk ☐ Police Chief ☐ Fire Chief ☐ Accounting
☐ Economic Development Coordinator ☐ City Manager



GRANT APPLICATION

Name of Organization: _____

Contact Person: _____

Address: _____

City, State, Zip: _____

Phone: _____

Date of Event: _____ Date Grant Issued: _____ Date Report Due: _____

Amount of Grant: _____

Total Expense of Event: _____

Total (Grant Eligible) Expense of Event: _____

Total Income from Event: _____

[Grant Eligible Expenses need to be noted on the list of expenses]

Actual Attendance: _____

Number of hotel rooms used (specify hotel): _____

[if more than 10 hotel rooms used from any hotels, a Pickup Report certifying that number of rooms must be received from the hotel]

Potential Future Business? (please describe): _____

To be completed by Visitor's Bureau-----

Economic Impact:

Number of People: _____ multiply by \$89 per day = \$ _____

Number of Nights: _____ multiply by (room rate) = \$ _____



This certifies that

CERTIFICATE OF INSURANCE

- ☒ STATE FARM FIRE AND CASUALTY COMPANY, Bloomington, Illinois
☐ STATE FARM GENERAL INSURANCE COMPANY, Bloomington, Illinois
☐ STATE FARM FIRE AND CASUALTY COMPANY, Aurora, Ontario
☐ STATE FARM FLORIDA INSURANCE COMPANY, Winter Haven, Florida
☐ STATE FARM LLOYDS, Dallas, Texas

insures the following policyholder for the coverages indicated below:

Policyholder TAZEWELL COUNTY HISTORIC PLACES SOCIETY

Address of policyholder 2950 COURT ST PEKIN, IL 61554

Location of operations 2950 COURT ST PEKIN, IL 61554

Description of operations

The policies listed below have been issued to the policyholder for the policy periods shown. The insurance described in these policies is subject to all the terms, exclusions, and conditions of those policies. The limits of liability shown may have been reduced by any paid claims.

POLICY NUMBER	TYPE OF INSURANCE	POLICY PERIOD		LIMITS OF LIABILITY (at beginning of policy period)
		Effective Date	Expiration Date	
93-T4-4298-5	Comprehensive Business Liability	04/27/07	04/27/08	BODILY INJURY AND PROPERTY DAMAGE
This insurance includes:	☐ Products - Completed Operations			Each Occurrence \$ 10000000
	☐ Contractual Liability			General Aggregate \$ 20000000
	☐ Personal Injury			Products - Completed \$ 20000000
	☐ Advertising Injury			Operations Aggregate
	☒ Commercial General Liability			
	☐			
	☐			
	EXCESS LIABILITY	POLICY PERIOD		BODILY INJURY AND PROPERTY DAMAGE
	☐ Umbrella	Effective Date	Expiration Date	(Combined Single Limit)
	☐ Other			Each Occurrence \$
				Aggregate \$
	Workers' Compensation and Employers Liability	POLICY PERIOD		Part I - Workers Compensation - Statutory
		Effective Date	Expiration Date	Part II - Employers Liability
				Each Accident \$
				Disease - Each Employee \$
				Disease - Policy Limit \$
POLICY NUMBER	TYPE OF INSURANCE	POLICY PERIOD		LIMITS OF LIABILITY (at beginning of policy period)
		Effective Date	Expiration Date	

THE CERTIFICATE OF INSURANCE IS NOT A CONTRACT OF INSURANCE AND NEITHER AFFIRMATIVELY NOR NEGATIVELY AMENDS, EXTENDS OR ALTERS THE COVERAGE APPROVED BY ANY POLICY DESCRIBED HEREIN.

Name and Address of Certificate Holder

Addl Insured - Section II
City of Pekin
111 S Capitol St
Pekin, IL 61554

If any of the described policies are canceled before their expiration date, State Farm will try to mail a written notice to the certificate holder days before cancellation. If however, we fail to mail such notice, no obligation or liability will be imposed on State Farm or its agents or representatives.

Signature of Authorized Representative
Agent

Title
Patty Friedrich

Date

Agent Name
Telephone Number 309-347-3115

Agent's Code Stamp
Agent Code
AFO Code

P. FRIEDRICH **13-2883**
GREATER PEORIA AFO F010

Memo

To: Council Members
From: Joseph W. Wuellner, P.E. - Public Works Director
CC: Denny Kief, Sue McMillan, Angie Evans, & City Attorney
Date: June 18, 2007
Re: Sempra Agreement
Council Members:

We were able to finalize the agreement with Sempra on Friday. All the documents have been signed and returned to them to start the process. They were told that you still had to ratify the agreement and that this would take place at the next regular meeting of June 25th.

I realize that there was some concern that Sempra was selected because some of the other communities in the area were using them. However, after talking with other firms that were trying to get our business and attending several meetings, I am confident that we have made the best selection possible for the City.

If you have any questions, please feel free to contact me.

Thanks,

Joe

ELECTRICITY SALE AND PURCHASE AGREEMENT

For Seller's Use Only	
Trade Date	
Seller's ID	

THIS AGREEMENT is made by and between Sempra Energy Solutions LLC ("Seller") and City Of Pekin, Illinois ("Buyer"), referred to collectively as the "Parties" and each individually as a "Party." As of May 31, 2007 (the "Effective Date") the Parties agree as follows:

SCOPE AND TERM In accordance with this Agreement including its General Terms and Conditions, set forth in Exhibit A, Seller will sell and cause to be delivered, and Buyer will accept and pay for Electricity delivered at the Delivery Points. This Agreement shall be in effect as of the Effective Date through the End Date and shall continue in effect from month to month thereafter until terminated by either party upon (30) days written notice.

DELIVERY PERIOD The Delivery Period for this Transaction shall be from Meter Read Date July 2007 (the "Start Date") through December 31, 2008 (the "End Date").

PRODUCT Index Price, Fixed Volume – MISO. Contract Prices for Electricity include each component identified in the table set forth below that is indicated by an [X], which are referred to collectively as "Electricity."

PRODUCT			
☒	Electric Energy	☐	Distribution/Transmission Losses
☐	Ancillary Services*	☐	Capacity (Module E)
☐	ISO/QSE/SC Charges and Fees	☐	Fees required to comply with state mandated renewable portfolio standards

*Ancillary Services include Schedules 1, 2, 3, 5, 6, 10, 10-FERC and 11; Day 2 charges are not included which comprise, but are not limited to the following: Net Inadvertent Distribution, Revenue Neutrality Uplift, or Revenue Sufficiency Guarantee.

DELIVERY POINT

NERC Region	Market Area	Delivery Point
SERC	MISO	AMRN-CILCO

PRICE Buyer shall pay the Contract Price (in USD per MWh), equal to the Index Price plus Index Premium (both in \$/MWh), for Buyer's monthly usage. When applicable in the Product section of this Addendum, Seller shall invoice Buyer for (a) the Network Transmission Price for Buyer's Network Transmission Obligation; (b) the Ancillary Services Price for Buyer's Ancillary Services Obligation; and/or (c) the Capacity Price for Buyer's Capacity Obligation as set forth below. Contract Price includes only the components set forth in the Product table, above. Buyer shall be responsible for all other charges, which shall be passed through directly to Buyer. Capacity charges are based on historical capacity reserve margin rates. In the event of changes in such rates, protocols, and/or operations that cause additional costs to Seller, Seller may pass through such additional costs to Buyer.

Contract Price						
Index and Location	Source	Reference	Index Premium (in \$/MWh)	Network Transmission Price (in US\$MW Month)	Ancillary Services Price (in US\$MW Month)	Capacity Price (in US\$/MW Day)
MISO Day Ahead Locational Marginal Price for the Delivery Point	Midwest ISO	www.midwestiso.org	\$5.00	N/A	N/A	N/A

CONTRACT QUANTITY Seller shall service 100% of Buyer's Electricity requirements at Buyer's Facilities set forth in Exhibit B.

The Contract Price relates to the Contract Quantities at (choose one) ☒ the Delivery Point ☐ Buyer's Meter				
Electric Energy				
Month	Hourly On Peak Contract Quantity (MW)	Hourly Off Peak Contract Quantity (MW)	Capacity and Ancillary Services Obligation (MW)	Network Transmission Obligation (MW)
January	0.5	0.4	0.6	0.6
February	0.5	0.4	0.6	0.6
March	0.4	0.3	0.5	0.5
April	0.4	0.3	0.6	0.6
May	0.4	0.3	0.5	0.5
June	0.4	0.2	0.5	0.5
July	0.4	0.3	0.5	0.5
August	0.3	0.2	0.5	0.5
September	0.4	0.3	0.7	0.7

October	0.4	0.3	0.6	0.6
November	0.5	0.4	0.7	0.7
December	0.5	0.4	0.6	0.6

MONTHLY BILLING SETTLEMENT. Seller shall invoice Buyer each month in an amount equal to the Contract Price multiplied by the Contract Quantity set forth above for each hour of delivery:

Excess Quantity: If Buyer's metered usage (expressed in MWh) during any hour of delivery exceeds the Contract Quantity (the "Excess Quantity"), Buyer shall reimburse Seller for this Excess Quantity at the market energy price during that hour of excess usage plus related delivery costs, as assessed or defined by either the RTO controlling the area where Buyer's Facilities are located or Buyer's Utility tariff, whichever is applicable, plus three dollar(s) (\$3.00) per MWh.

Deficit Quantity: If Buyer's metered usage (expressed in MWh) during any hour of delivery is less than the Contract Quantity as set forth below (the "Deficit Quantity," calculated by subtracting Buyer's metered quantity from Buyer's Contract Quantity), Seller shall credit Buyer's account by an amount equal to the Deficit Quantity multiplied by the market energy price during that hour of deficit usage as assessed or defined by either the RTO controlling the area where Buyer's Facilities are located or Buyer's Utility tariff, whichever is applicable.

CUSTOMER REPRESENTATIVE. ☒ If the foregoing box is marked with an X, Buyer hereby acknowledges and understands that a third party customer representative has been used for this transaction and all compensation paid to the customer representative by Seller will be included in the Contract Price.

This Agreement is subject to the Schedule(s) identified below and that are attached hereto:

N/A

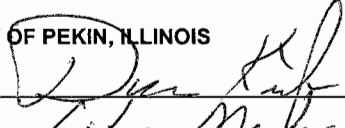
IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Agreement as of the Effective Date and agree to be bound by its terms and conditions.

SEMPRA ENERGY SOLUTIONS LLC

By: _____

Title: _____

CITY OF PEKIN, ILLINOIS

By: 

Title: City Manager

Subject to ratification by the Pekin
City Council on June 25, 2007.

Initial vote unanimously approved by
all 7 members on June 14, 2007.

Exhibit A - General Terms and Conditions

1. SERVICE OBLIGATIONS

(a) Upon receipt of an executed Agreement from Buyer and an accepted enrollment request and active switch date from Buyer's Local Utility, Seller will deliver or cause a third party to deliver Buyer's Electricity requirements to the Delivery Point. Costs and expenses incurred by Seller as a result of a delayed or unsuccessful enrollment of Buyer as Seller's customer will be Buyer's sole responsibility provided that the delay or failure is not a direct result of any action or inaction by Seller. Buyer represents to Seller that it can and will be enrolled on the Start Date for the purchase and receipt of Electricity.

(b) Buyer will comply with all notices from Buyer's Local Utility that require reduction or interruption of Electricity usage at Buyer's Facility, and indemnify, defend, and hold Seller harmless from any claims, penalties, charges or expenses, attorneys' fees and disbursements caused by Buyer's failure to so comply.

2. BILLING, PAYMENT AND CREDIT

(a) Seller will calculate monthly invoices based upon Buyer's actual usage, if known, or estimate any amounts, usage or other information that is unknown at the time of invoicing. Seller will periodically adjust future invoices to reflect actual settlement and usage information as it is received by Seller.

(b) Seller shall transmit invoices to Buyer via fax or email on the date of invoice. Invoices are due and payable without Set-off on the tenth (10th) day following the date of invoice. All past due payments shall bear the Interest Rate from the due date.

(c) If there is a good faith dispute regarding an invoice, Buyer will pay the undisputed amount and confer with Seller to resolve the disputed amount. The disputed amount will not accrue interest until ten (10) days after the dispute is resolved or forty-five days after the dispute arose, whichever is earlier.

(d) If Seller has reasonable grounds for insecurity regarding the performance, whether or not then due, of any obligation of Buyer under this Agreement or any Transaction (including on account of the occurrence of a material change in Buyer's creditworthiness or occurrence of any Breach or Default), Seller may demand reasonable additional security in an amount determined by Seller in a commercially reasonable manner. If Buyer does not provide such additional security within three (3) days of such request, Seller may declare Buyer in Default in accordance with the Default and Termination provisions of this Agreement. In the event that security is provided in the form of cash collateral, Buyer shall be deemed to have granted Seller a continuing first priority security interest in, lien on, and right of set-off against such collateral.

3. LIMITATION OF LIABILITY & WARRANTIES

As between the Parties, title and control of Electricity will be deemed held by Seller until the Electricity is delivered to the Delivery Point, and by Buyer after such Electricity has been delivered to the Delivery Point. Neither Party shall be liable to the other for any indirect, special, consequential, punitive or exemplary damages arising out of or related to this Agreement, whether based on contract, tort or otherwise, and each Party releases the other from any such liability, even if during the term hereof they advise the other of the possibility of such damages. NEITHER PARTY GIVES NOR RECEIVES ANY WARRANTY REGARDING ELECTRICITY SALE, PURCHASE OR DELIVERY, WHETHER EXPRESS, IMPLIED, OR STATUTORY, EXCEPT AS PROVIDED IN THIS AGREEMENT. SELLER SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OF ELECTRICITY FOR A PARTICULAR PURPOSE OR USE. ALL OBLIGATIONS HEREIN ARE OBLIGATIONS OF THE PARTIES ONLY, AND NO RECOURSE WILL BE AVAILABLE AGAINST A PARTY'S EMPLOYEE, OFFICER, DIRECTOR, SHAREHOLDER, MEMBER, PARTNER, OR AFFILIATE.

4. FORCE MAJEURE

If either Party experiences a Force Majeure, such Party will promptly notify the other, and confirm in writing within a reasonable time thereafter, notice of a reasonably detailed description of the nature and estimated duration of the Force Majeure event. Except for Buyer's obligation to pay Seller for Electricity delivered prior to such event, each Party's physical obligations will then be suspended to the extent, and for the duration, of the claiming Party's inability to perform due to Force Majeure. The cause of inability to perform will be remedied with all reasonable dispatch. If the duration of the Force Majeure exceeds twenty (20) days, the Party not claiming Force Majeure may terminate the affected portions of this Agreement upon ten (10) days written notice. Any termination due to Force Majeure will not be subject to an Early Termination Payment.

5. DEFAULT

(a) If a Default shall have occurred and be continuing, the non-defaulting Party shall have the right to do either or both of the following: (i) suspend its performance hereunder and/or (ii) designate a date upon which this Agreement will terminate and accelerate and liquidate all amounts owing and other remaining obligations of the Parties hereunder into a single net amount as of such date ("Early Termination Date") in accordance with the provisions set forth in the following paragraph.

(b) The non-defaulting Party shall calculate in a commercially reasonable manner a Settlement Amount as of the Early Termination Date. The non-defaulting Party shall aggregate the Settlement Amount with the Additional Termination Amounts Owed, so that such amounts shall be netted out to a single amount (the "Termination Payment") payable by one Party to the other. The Termination Payment shall be due to or due from the non-defaulting Party as appropriate and payable within three (3) Business Days after receipt of a Termination Payment invoice.

(c) If the defaulting Party would be owed the Termination Payment, the non-defaulting Party shall be entitled, at its option and in its discretion, to set-off against such Termination Payment any amounts which the defaulting Party owes to the non-defaulting Party (whether under this Agreement or otherwise).

(d) Any pre-existing unresolved claims or disputes by either Party that are arising out of, or related to this Agreement will survive termination of this Agreement and will be resolved in accordance with the terms and conditions of this Agreement. All indemnity, confidentiality, warranty and unperformed obligations will survive termination of this Agreement.

6. REPRESENTATIONS AND WARRANTIES

Each Party represents to the other that: (a) it validly exists and is financially able to continue its business; (b) it has not filed, does not plan to file, or had any bankruptcy proceeding filed against it; (c) executing this Agreement has been duly authorized and is a valid and enforceable obligation; (d) it is not subject to any commitment that may interfere with the delivery of Electricity under this Agreement, and (e) no discussion, materials or information provided in connection herewith shall be deemed to be free from error. Buyer represents to Seller that: (a) Buyer will not resell, or purchase for its own consumption, Electricity to/from Buyer's Local Utility or other party for any of Buyer's Facilities during the Delivery Period; (b) information concerning Buyer's Facilities (including load factors, rate classes and schedules, time of use, and service) is true and correct when furnished to Seller to the best of Buyer's information and belief; (c) Buyer has control over Buyer's Facilities; (d) the account information listed for Buyer's Facilities is for Buyer's own account(s) with Buyer's Local Utility (e) Buyer shall operate its facilities consistent with Buyer's Baseline; and (f) Buyer enters all transactions related to this Agreement at its sole election in the exercise of its independent judgment without duress. Buyer assumes any risk associated with such transactions, including any information or assumptions used or relied on in finalizing this Agreement; (g) Seller does not act as Buyer's advisor, expert, fiduciary, representative or consultant. Seller has advised Buyer that no such relationship exists or should be relied upon, and that Buyer is solely responsible for its obligations hereunder regardless of the information provided by Seller.

7. CHANGES IN CIRCUMSTANCES

(a) If a Change in Law occurs after the Effective Date that results in new or modified fees, costs or other charges being incurred by Seller and/or other market participants, then any such costs or charges incurred by Seller and reasonably attributable to this Agreement may be passed through to Buyer.

(b) If Buyer closes, or materially changes its operations at, any Buyer Facility, Buyer shall give Seller prior written notice and shall be responsible to Seller for any costs incurred by Seller arising from Buyer's reduced or increased Electricity consumption at such Buyer Facility associated with such change. Seller shall use commercially reasonable efforts to mitigate any such costs after receipt of such notice.

8. DEFINITIONS

(a) "Additional Termination Amounts Owed" means an amount calculated by netting (i) any amounts due to the defaulting Party under this Agreement upon termination (other than amounts included in the Settlement Amount) against (ii) any amounts due to the non-defaulting Party under this Agreement upon termination (other than amounts included in the Settlement Amount).

(b) "Agreement" means this Electricity Sales and Purchase Agreement, including all Exhibits Amendments, and Schedules that are incorporated by reference as part of this Agreement.

(c) "Base Price" means the applicable electricity prices during the settlement interval of delivery as determined by: (a) the RTO controlling the Delivery Point location, or, (b) the applicable costs assessed by Buyer's Local Utility, plus all costs to deliver Electricity to the Delivery Point, plus five dollars (\$5.00) per MWh.

(d) "Breach" means: (a) failure to make payment when due under this Agreement; (b) failure to perform any material obligation under this Agreement; or (c) failure to comply with its representations and warranties set forth in this Agreement.

(e) "Buyer's Baseline" means, the information provided by Buyer used in establishing this Transaction, including the stipulated MWh usage set forth in the Contract Quantity table of this Agreement.

(f) "Buyer's Facilities" means the account(s) associated with the ESI IDs identified in Exhibit B.

(g) "Buyer's Local Utility" means the electric distribution utility responsible for the service territory where Buyer's Facility is located.

(h) "Change in Law" means revisions in, implementation of, amendments to, or revised interpretation of any Laws affecting this Agreement, including but not limited to, Laws relating to approved or anticipated rates, meter classifications or profiles, tariffs, taxes, charges, fees, credit requirements or assessments as to retail electricity market rules, licensing, supply, generation, congestion zones, transmission or delivery of electric power and energy.

(i) "Contract Price" means the price per MWh set forth in this Agreement.

(j) "Costs" means, with respect to the non-defaulting Party only, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace the terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the non-defaulting Party in connection with enforcing its rights under this Agreement in the event of termination.

(k) "Default" means: (a) a Party's failure to cure its Breach within five (5) days after receiving notice of a Breach by the non-breaching Party, (b) a Party (i) makes an assignment or any general arrangement for the benefit of creditors; or (ii) files a petition or otherwise commences, authorizes or acquiesces to the commencement of a proceeding or cause of action with respect to it under any bankruptcy proceeding or similar Laws for the protection of creditors, or have a petition filed against it; or (iii) otherwise becomes insolvent; (c) a Party's failure to provide security in accordance with clause (d) of the Billing, Payment and Credit section above; or (d) any Default under any other agreement with the other Party.

(l) "Delivery Point" means the physical point set forth in the Transaction at which Seller delivers, or causes to deliver, Electricity to Buyer.

(m) "Electricity" means electric energy (expressed in MWh) and the related products and services that are identified in the Transaction.

(n) "Force Majeure" means events beyond the control of a Party to the extent they prevent that Party from performing its physical obligations under this Agreement that could not have been reasonably anticipated at the time the Agreement was entered into, and which the Party claiming Force Majeure is unable to avoid or prevent through the exercise of due diligence. A Force Majeure claim may not be based on: (i) Buyer's inability to economically use or dispose of Electricity purchased under this Agreement; (ii) Buyer's election to close or materially curtail or discontinue operation of Buyer's Facilities due to economic circumstance; or (iii) Seller's ability to sell the Electricity at a price greater than the Contract Price.

(o) "Gains" means, with respect to a Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined in a commercially reasonable manner.

(p) "Interest Rate" means three percent (3%) per annum over the prime-lending rate as published in *The Wall Street Journal* under "Money Rates", compounded semi-annually; provided that, the Interest Rate may never exceed the maximum rate permitted by Law.

(q) "Law" means any (i) constitution, charter, statute, ordinance, code, rule, regulation, tariff or other legislative or administrative action of any governmental entity, including, any related court decision, or (ii) rules, protocols, policies and procedures promulgated by a distribution utility, transmission provider or power RTO governing the area in which Buyer's Facilities are located.

(r) "Losses" means, with respect to a Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this Agreement, determined in a commercially reasonable manner.

(s) "MWh" means a Megawatt-hour of Electricity.

(t) "Off-Peak Hours" means hours not defined as On-Peak Hours.

(u) "On-Peak Hours" means hours determined to be "on peak" by Buyer's regional reliability council of the North American Electric Reliability Council, or any successor entity, governing the area in which Buyer's Facilities are located.

(v) "RTO" means a power pool, independent system operator, transmission provider, or Buyer's Local Utility acting as the grid manager, or any comparable entity that provides system management and oversight for Electricity delivered to Buyer's Facilities.

(w) "Set-off" means, without limitation, offset, combination of accounts, netting, right of retention or withholding, or comparable right to which a Party is entitled (whether under this or other agreements, Law, or otherwise) that is or imposed on, the other Party.

(x) "Settlement Amount" means, with respect to this Agreement and the non-defaulting Party, the Losses or Gains, and Costs, which such Party incurs as a result of the termination of this Agreement pursuant to the Default and Termination section above.

(y) "Transaction" means all of the commercial terms, including at a minimum, the price, term, quantity, delivery point, settlement provisions and the product description, set forth in this Agreement necessary to create binding obligations between the Parties with respect to the purchase and sale of Electricity.

9. MISCELLANEOUS

(a) Capitalized terms used in this Agreement have the meanings set forth in this Agreement or Addenda. When the singular number is used, it is deemed to include the plural and vice versa. This Agreement will be interpreted pursuant to, and performance governed by, the Law of the state in

Exhibit A - General Terms and Conditions

which Buyer's Facilities that are most affected by the dispute are located, excluding any Law that directs the application of the Law of any other jurisdiction.

(b) This Agreement is strictly confidential and shall not be disclosed by a Party except as required by law or government authority without the prior written consent of the other Party.

(c) Unless otherwise specified herein, any notice or communication under this Agreement must be in writing and will be deemed given when sent by express mail or receipt-confirmed fax, addressed as provided in Exhibit B.

(d) This Agreement is the complete understanding between the Parties and cannot be modified or supplemented except in a writing signed by both Parties.

(e) A Party may assign this Agreement without approval of the other Party to: (a) a successor acquiring a majority of the assigning Party's shares or assets, whether by merger or acquisition, or (b) any wholly-owned subsidiary or parent of the assigning Party; so long as there is no material change in the creditworthiness of the successor. In all other circumstances any assignment requires thirty (30) days written notice and shall be subject to prior written approval by the non-assigning Party, which approval shall not be unreasonably withheld. All assignments shall be made subject to the approved successor's written acceptance of the terms of this Agreement, unless otherwise agreed to in writing by the non-assigning Party.

(f) The prevailing Party in any dispute related to this Agreement, will be entitled to recover reasonable attorney fees and costs and direct out-of-pocket costs associated with the dispute from the other Party that are incurred by the prevailing Party.

(g) A waiver by either Party of any obligation by the other Party shall be in writing, and will not be considered a waiver of any future obligation, whether similar or different in character.

(h) This Agreement does not give rights enforceable by any person or entity not a Party to this Agreement. If any provision of this Agreement is found to be illegal or unenforceable, the provision will be stricken and the remainder of the Agreement will remain in full force and effect to the extent not inconsistent with its original intent.

(i) This Agreement shall constitute a "forward contract" under the U.S. Bankruptcy Code.

(j) This Agreement may be signed in counterparts, each of which will constitute an original and together will constitute one and the same Agreement. If a Party executes a copy of this Agreement and faxes such to the other Party, the copy received shall be deemed for all legal purposes to be an original executed by the transmitting Party.

(k) The Parties acknowledge and understand that the terms and conditions set forth in this Agreement shall not be deemed accepted by a Party unless such Party has duly executed this Agreement. In addition, Buyer acknowledges that Seller's acceptance of this Agreement will be subject to Buyer meeting Seller's credit requirements as determined by Seller in its sole discretion. Seller's form of Credit Application is set forth as Exhibit C, attached.

(l) The Transaction and Exhibits are incorporated by reference as part of this Agreement. If there is a conflict between terms and conditions within these documents, the order of precedence will be: (a) the Transaction; (b) Exhibit A; and (c) Exhibit B.

THIS SPACE INTENTIONALLY LEFT BLANK



Exhibit B – Account and Notice Information

BUYER'S FACILITIES

	Account #	Meter #	Address	City	Zip Code	Utility
1	84443-48575	86189488	3232 Court St	Pekin	61554	Ameren CILCO
2	96430-40572	90130693	1130 Koch St	Pekin	61554	Ameren CILCO
3	87837-83934	56016925	272 Derby St	Pekin	61554	Ameren CILCO
4	33382-77052	80230627	1130 Koch St Unit A	Pekin	61554	Ameren CILCO
5	68464-64811	58066318	1130 Koch St Unit B	Pekin	61554	Ameren CILCO
6	06711-04012	76988741	99 Caroline St	Pekin	61554	Ameren CILCO
7	08732-80001	87259323	235 White Pine Trail	Pekin	61554	Ameren CILCO
8	12123-43006	55993313	911 Brenkman Dr	Pekin	61554	Ameren CILCO
9	15791-45017	74552759	99 Fayette St	Pekin	61554	Ameren CILCO
10	20671-32017	74487882	98 Court St	Pekin	61554	Ameren CILCO
11	31448-64017	83157380	805 East Shore Dr	Pekin	61554	Ameren CILCO
12	41109-03001	03892395	1508 Edgewater Dr	Pekin	61554	Ameren CILCO
13	42705-36008	17154251	801 Sheridan Rd	Pekin	61554	Ameren CILCO
14	42769-98006	64806820	1901 El Camino Dr	Pekin	61554	Ameren CILCO
15	43926-62006	18032383	2500 S 2nd St	Pekin	61554	Ameren CILCO
16	54030-11008	70366690	110 State Unit FT	Pekin	61554	Ameren CILCO
17	58977-75007	01812046	1802 Oakwood Dr	Pekin	61554	Ameren CILCO
18	71791-13009	54784052	2120 Susan Hope Unit LIFT	Pekin	61554	Ameren CILCO
19	85868-86009	41612817	2 Cape Ct	Pekin	61554	Ameren CILCO
20	86920-21001	70151231	1831 Winged Foot Dr	Pekin	61554	Ameren CILCO
21	89547-02001	04990132	2804 S 14th St	Pekin	61554	Ameren CILCO
22	33466-88094	89544128	1140 Koch St Unit SLTDM	Pekin	61554	Ameren CILCO
23	97864-32174	54784059	1208 Koch St	Pekin	61554	Ameren CILCO
24	74922-59028	83022495	225 Hanna Dr	Pekin	61554	Ameren CILCO
25	68070-23210	95252777	2504 S 2nd St	Pekin	61554	Ameren CILCO
26	97200-46000	02707568	606 S Front St	Pekin	61554	Ameren CILCO
27	86784-55853	32250642	407 Ann Eliza St	Pekin	61554	Ameren CILCO
28	12773-82172	05683372	121 N Front St	Pekin	61554	Ameren CILCO
29	75925-05054	80230074	111 S Capitol St	Pekin	61554	Ameren CILCO
30	75582-66893	52824464	310 Margaret St	Pekin	61554	Ameren CILCO
31	21488-75212	74475808	1987 N 8th St	Pekin	61554	Ameren CILCO
32	09032-80970	52824478	316 Margaret St	Pekin	61554	Ameren CILCO
33	08093-81450	24947892	1411 Elmgrove Tw	Pekin	61554	Ameren CILCO
34	13362-35692	02044101	13918 Airport Ln	Pekin	61554	Ameren CILCO
35	38806-70332	02044180	13906 Airport Ln Unit B	Pekin	61554	Ameren CILCO
36	83594-77854	47092781	13906 Airport Ln Unit A	Pekin	61554	Ameren CILCO
37	74888-40175	25914774	95 Court St (june 8, 2006)	Pekin	61554	Ameren CILCO
38	37057-17005	06387314	606 S. Front	Pekin	61554	Ameren CILCO
39	78746-31295	04576208	215 Enterprise	Pekin	61554	Ameren CILCO

METERING Buyer will ensure that all meters and related equipment (including telemetry and telephonic connections) at Buyer's Facility satisfy Buyer's Local Utility requirements and are sufficient for Seller to perform its obligations under this Agreement.

ACCOUNT INFORMATION Buyer represents that the account information listed above is for Buyer's own account(s) with Buyer's Local Utility. Buyer acknowledges that Seller will rely on the accuracy of the account information listed above in performing its obligations under this Agreement.

Exhibit B – Account and Notice Information

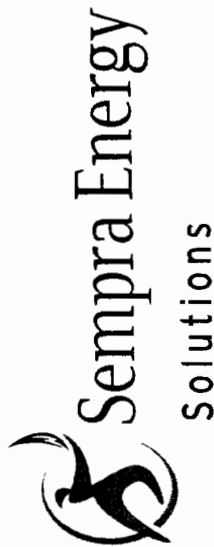
APPOINTMENT Buyer appoints Seller as its Competitive Supplier for the Account Numbers listed above. As Buyer's Competitive Supplier, Seller is authorized to obtain Buyer's credit and historical usage information, enroll customer's Accounts at Buyer's Local Utility, schedule the delivery of Electricity, receive actual usage data, and invoice Buyer.

NOTICE AND CONTACT INFORMATION

Sempra Energy Solutions LLC	City of Pekin, Illinois
101 Ash Street, HQ09	111 South Capitol St
San Diego, CA 92101	Pekin, IL 61554
ATTN: Legal Department	ATTN: JOSEPH WUELLNER
Phone: (619) 696-3129	Phone: 309-477-2300
Fax: (619) 696-3050	Fax: 309-346-2095
Bank: Union Bank of California	Email: jwuellner@ci.pekin.il.us
ABA Routing #122000496	Invoices to: (Same as above)
Acct.#0700497437	
DT&E License # CS038	
Sales Representative: Chip Martin	
For questions regarding an invoice, please call toll free: 1-877-2Sempra or 1-877-273-6772	

Buyer's Initials

JK



Confidential Credit Application

Attention: Ryan Paros
 Phone: (619) 696-3192
 Fax: (619) 696-3101
 Email: rparos@semptrasolutions.com

Semptra Energy Solutions, LLC
 101 Ash Street, HQ 09
 San Diego, CA 92101-3017

The preceding information is submitted for the purpose of obtaining credit from Semptra Energy Solutions, LLC for business purposes. The undersigned warrants that the information contained in this application and any additional information submitted is accurate and complete. I hereby authorize my bank or banks and other creditors to release credit information concerning my checking and borrowing accounts to Semptra Energy Solutions, LLC.

All invoices paid after the due date will be assessed a late payment service charge of the maximum allowed by contract or applicable by law. In the event the applicant becomes delinquent in the payment of invoices the applicant agrees to reimburse the company for all collection costs, legal fees and court costs, unless prohibited by law, that are incurred in the collection process.

Printed Name Angela Evans Title Asst Finance Director
 Signature Angela Evans Date 6-15-07
 Salesperson's name Angela Evans Phone 309 478-5381

Semptra Energy Solutions, LLC is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate Semptra Energy Solutions, LLC.

Please provide the following information:

Company Information

Full Legal Business Name City of Pekin
 DBA _____
 Street Address 111 S Capital St
 City, State & Zip Code Pekin IL 61554
 Telephone & Fax number 309 477-2300
 Duns Number (Required) 030228832
 Tax exemption status No Yes X (If yes, attach exemption certificate)
 Tax ID or Social Security number 376002169
 Please indicate: Proprietorship _____ Partnership _____ Corporation ✓
 Number of Years in Business _____
 Average monthly utility bill* _____
 (*Please attach most recent utility invoice - Required)

Banking Reference

Bank name Wells Fargo National
 Bank address PO Box 839
33 S 4th Pekin IL
 Contact name Hope McAllister Account number 344125
 Phone number 309 347 1131 Fax number _____

Largest Monthly Vendor

Name First Call
 Address PO Box 802232
Kansas City MO 64180 2732
 Contact name _____ Account number 470303
 Phone number 309 346 0007 Fax number _____
 Average Monthly Bill \$2000 Terms _____



REQUEST FOR COUNCIL ACTION

To: Honorable Mayor and Members of the City Council

CC: Sue McMillan, City Clerk

From: Dennis Kief, City Manager

AGENDA ITEM: Tax-Exempt Financing for Pekin Memorial Hospital

AGENDA DATE REQUESTED: June 25, 2007

ACTION REQUESTED: Approval of Fifth Third Bank Tax-Exempt Financing through the City for the Benefit of the Hospital. **THE ENTIRE PACKAGE OF BACKGROUND INFORMATION ON THE BOND ISSUE IS AVAILABLE UPON REQUEST AND IN THE ELECTRONIC PACKET, BUT ONLY THE ORDINANCE IS ATTACHED IN THE HARDCOPY OF THE PACKET.** This RFCA was also a part of the May 29th City Council Packet.

BACKGROUND: The finance property will be leased from the Fifth Third Bank to the City and subsequently subleased from the City to the Hospital. This includes building, equipment and the acquisition of an imaging business into the operations of the hospital. The payment of the debt service would be solely by revenue pledged by the Hospital. Although the lease obligations will be issued by the City of Pekin, the City is simply acting in the capacity of a conduit (pass through) entity. The City will be indemnified from the Hospital for repayment of lease obligations and the City is not contractually obligated to repay the lease obligations. The City will not be pledging any of its funds, property, or resources for repayment of the lease obligations nor will this constitute a "debt" of the City.

The City has provided similar Tax-Exempt Bonds. Similar bonds have been utilized for the refinancing of some UAW Highrise Bonds and for the Dirksen Congressional Center.

FINANCIAL IMPACT: The City will receive a fee, to cover administrative costs, of slightly less than \$20,000.

NEIGHBORHOOD CONCERNS: N/A

IMPACT IF APPROVED: Facilitates the Hospital's Refinancing Plans

IMPACT IF DENIED: Non Tax-Exempt Bonds would cost the Hospital more money.

ALTERNATIVES: Other Bond sources

RELATIONSHIP TO THE CONCEPTUAL PLANNING PROCESS: Consistent with the Strong Foundation theme

1X
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ORDINANCE NO. _____

ORDINANCE AUTHORIZING A MASTER LEASE-PURCHASE AND SUBLEASE-PURCHASE AGREEMENT WITH FIFTH THIRD BANK AND PEKIN MEMORIAL HOSPITAL FOR THE FINANCING OF THE ACQUISITION, CONSTRUCTION, EQUIPPING, IMPROVING AND INSTALLING OF (A) AN MRI BUSINESS ENTERPRISE, (B) BUILDING IMPROVEMENTS FOR ADDITIONAL SPACE AND RENOVATIONS AND (C) EQUIPMENT FOR HOSPITAL FACILITIES, ALL FOR THE BENEFIT OF PEKIN MEMORIAL HOSPITAL; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX REGULATORY AGREEMENT AND AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING OTHER DOCUMENTS IN CONNECTION WITH SUCH TRANSACTION.

WHEREAS, this City Council has determined to authorize the issuance of lease revenue obligations pursuant to a Master Lease-Purchase and Sublease-Purchase Agreement dated on or about June 1, 2007 and Schedule Number 1 thereto (collectively, the "Agreement") among the City of Pekin, Illinois, as lessee (the "City"), Fifth Third Bank, as lessor ("Fifth Third") and Pekin Memorial Hospital, an Illinois nonprofit corporation, as sublessee (the "Corporation") for the purpose of, together with other available moneys (but not moneys of the City of Pekin, Illinois), acquiring, constructing, equipping, improving and installing (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities, all for the benefit of Pekin Memorial Hospital (collectively, the "Project"), all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554. The proceeds of such lease revenue obligations will be used to finance the aforementioned hospital facilities for lease to the Corporation, and paying costs and expenses of the City and the Corporation incurred in connection with the Agreement; and

WHEREAS, the financing of the Project will be in the best interests of the City and will provide hospital facilities at the lowest possible cost to service the residents of the City, which hospital facilities are and will be available for the service of the general public without discrimination by reason of race, creed, color or national origin; and

WHEREAS, pursuant to the home rule powers contained in Article VIII, Section 6 of the Illinois Constitution, the City acting by and through its City Council (the "Council"), is authorized to lease hospital facilities, and to sublease such hospital facilities to the Corporation; and

WHEREAS, Fifth Third has agreed to acquire the hospital facilities pursuant to and as described in the Agreement and the Agreement of Lease, dated on or about June 1, 2007 (the "Agreement of Lease"), by and between the Corporation and Fifth Third and to lease the Project to the City; and

WHEREAS, the City has agreed to lease the Project from Fifth Third and to sublease the Project to the Corporation; and

WHEREAS, the City, Fifth Third and the Corporation have agreed to enter into the Agreement as a means to facilitate the acquisition of hospital facilities from time to time for use by the Corporation; and

WHEREAS, it is necessary in connection with the issuance of the lease revenue obligations under the Agreement to provide for the authorization of a Tax Regulatory Agreement, an Escrow Deposit Agreement and other requisite documents necessary for closing; and

WHEREAS, the City finds that any real estate or interest therein which shall be leased from the City and which is part of the Project, is not needed for governmental purposes or proprietary activity of the City for the entire term of the Agreement.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Pekin, Illinois, by at least three-fourths of the corporate authorities now holding office:

SECTION 1. That for the purpose of better providing for the health and welfare of the people of the State of Illinois (the "State") by enhancing the availability, efficiency and economy of hospital facilities and the services rendered thereby by providing efficient operation of hospital facilities through leasing to hospital agencies and facilitating the financing of hospital facilities to be available to or for the service of the general public without discrimination by reason of race, creed, color or national origin, this Council hereby determines that it shall lease, under the Agreement, the Project from Fifth Third for sublease, under the Agreement, to the Corporation.

SECTION 2. That the Agreement hereby authorized includes a statement to the effect that the City's obligations thereunder, which constitute "revenue obligations," are not general obligations, debt or bonded indebtedness of the City or of the State of Illinois or any political subdivision thereof, and Fifth Third is not given the right, and has no right, to have excises or taxes levied by the City or the State or any political subdivision thereof, for the payment of rental payments thereunder and that the right to such payment is limited to the rentals and other revenues pledged for such purpose under the Agreement.

SECTION 3. That the lease revenue obligations shall mature as provided in the Agreement, and have such terms, and bear such interest as provided in the Agreement. The interest rate in effect from time to time on the lease revenue obligations shall be fixed and established in the manner and pursuant to the provisions of the Agreement.

SECTION 4. That the City is authorized to lease the Project from Fifth Third.

SECTION 5. That the City is authorized to sublease the Project to the Corporation.

SECTION 6. That, for the purpose of providing the Project and payment of costs of issuance to the Corporation, this Council hereby authorizes and directs the Mayor to execute, on behalf of the City, the Agreement, the lease revenue obligations under which shall be initially issued in a principal amount not to exceed \$6,500,000 and any exhibits thereto, substantially in the form presented to the Council and on file with the Clerk of this Council and the agreements,

covenants and promises therein made on behalf of the City shall be conclusively binding on the City and in full force and effect from and after the execution of the Agreement.

SECTION 7. In connection with the execution and delivery of the Agreement, this Council hereby determines that it is appropriate for the City to execute and deliver a Tax Regulatory Agreement among the City, the Corporation and Fifth Third (the "Tax Regulatory Agreement") to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code").

SECTION 8. This City Council hereby authorizes and directs the Mayor to execute and deliver the Tax Regulatory Agreement, the Escrow Deposit Agreement and such other documents and certificates as are reasonably required, in substantially the form on file with the Clerk of this Council, with such changes as are not adverse to the City, and as are approved by the Mayor, and to do all the acts and things required of it by the provisions of the Agreement to the end that full and complete performance of all of the terms, covenants and provisions of the Agreement shall be effected.

SECTION 9. That the Agreement, the Tax Regulatory Agreement, the Escrow Deposit Agreement and such other documents and certificates as are reasonably required, as authorized by this ordinance shall be on file in the office of the city clerk, subject to such changes, insertions and omissions as are not adverse to the City and approved by the Mayor and approval of any changes, insertions and omissions shall be conclusively evidenced by the execution of said documents by the individual or individuals properly authorized under this ordinance to execute such documents.

All appropriate officers and officials of the City are further authorized to make, execute, acknowledge and deliver such agreements, documents, certificates and instruments of the City prepared in connection with the issuance of the lease revenue obligations under the Agreement, which are, in the opinion of bond counsel, necessary to carry out the purposes of this Ordinance.

SECTION 10. That this Council hereby covenants that, upon request of and at the expense of the Corporation, it will take such actions, as are within its power and authority, in such manner and to such extent, if any, as may be necessary to cause the interest component of rental payments under the Agreement to be and remain excludible from gross income for federal income tax purposes. This Council authorizes the Mayor to sign such statements or filings to the Internal Revenue Service, including IRS Form 8038, as are prepared by the Corporation and submitted to the City.

SECTION 11. The City will restrict the use of the proceeds of the lease revenue obligations in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the lease and sublease are entered into, so that they will not constitute arbitrage bonds under Section 148 of the Code. The Mayor or any other officer having responsibility with respect to the issuance of the lease revenue obligations, is authorized and directed, alone or in conjunction with any of the foregoing or with any other officer, employee, consultant or agent of the City, to deliver a certificate for inclusion in the transcript of proceedings, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to said Section 148 and regulations thereunder.

SECTION 12. That, the lease revenue obligations under the Agreement are hereby designated "qualified tax-exempt obligations" for the purpose set forth in Section 265 of the Code in the amount of \$6,500,000. The City does not anticipate issuing more than \$10,000,000 of qualified tax-exempt obligations during the calendar year 2007.

SECTION 13. No recourse under or upon any obligation, covenant, acceptance or agreement contained in this Ordinance, or in the Agreement, the Tax Regulatory Agreement, the Escrow Deposit Agreement or under any judgment obtained against the City or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any officer as such, past, present, or future, of the City, either directly or through the City, or otherwise, for the payment for or to the City or any receiver thereof, or otherwise, of any sum that may be due and unpaid by the City upon the lease revenue obligations. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the City or otherwise, of any sum that may remain due and unpaid upon the lease revenue obligation, shall be deemed to be expressly waived and released as a condition of and consideration for the execution and delivery of the Agreement, the Tax Regulatory Agreement and the Escrow Deposit Agreement.

SECTION 14. That, for purposes of compliance with 147(f) of the Code, this Council hereby approves the issuance of its lease revenue obligations under the Agreement, the proceeds of which will be used to finance the Project pursuant to the Agreement, which Project will be leased from Fifth Third to the City and subleased from the City to the Corporation. The Project will be owned and operated by the Corporation and will be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554.

SECTION 15. It is hereby determined that (a) the City shall not be the owner of the Project and (b) any real estate or interest therein which shall be leased from the City and which is part of the Project, is not needed for governmental purposes or proprietary activity of the City for the entire term of the Agreement.

SECTION 16. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements including the Municipal Code of the City, and the rules of this Council adopted in accordance therewith.

SECTION 17. That this Ordinance shall be in full force and effect from and after its passage, by a vote of at least three-fourths of the corporate authorities now holding office, and approval in the manner provided by law.

[Remainder of page intentionally left blank]

PASSED AND APPROVED at a regular meeting of the City Council of the City of Pekin, Illinois, this ____ day of _____, 2007; and upon roll call the vote was as follows:

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAINING: _____

APPROVED this ____ day of _____, 2007.

MAYOR

ATTEST:

CITY CLERK

[Remainder of page intentionally left blank]

CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of an ordinance adopted by the City Council of the City of Pekin, Illinois on the _____ day of June, 2007.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of June, 2007.

Clerk of Council

June ___, 2007

U.S. Bank National Association
Chicago, Illinois

Ladies and Gentlemen:

This opinion is being rendered to you as successor master trustee (the "Master Trustee") pursuant to Section 415 of the Master Indenture (the "Master Indenture"), dated as of July 1, 1993, by and between Pekin Memorial Hospital (the "Maker") and the Master Trustee, as amended and supplemented to date, including the Fifth Supplemental Master Trust Indenture, dated as of June 1, 2007 (the "Supplemental Indenture"). Unless otherwise defined herein, all defined terms in this opinion shall have their respective meaning set forth in the Master Indenture.

We have examined the following:

1. The Master Trust Indenture;
2. The Supplemental Indenture;
3. The Series 2007A Master Note (the "Master Note");
4. A copy of the Articles of Incorporation of the Maker, as certified by the Secretary of State of Illinois (the "Secretary of State") as on file with that office on _____, 2007;
5. A copy of the Code of Regulations of the Maker, as certified by the Secretary of the Maker, as in effect at all times since _____, 2007;
6. A certificate of the Secretary of State, dated _____, 2007, that the Maker is in good standing on the records of the Secretary of State;
7. Resolutions, certified by the Maker's Secretary, as adopted by the Board of Trustees of the Maker on _____, 2007, authorizing, among other things, the execution, delivery and performance by the Maker of the Supplemental Indenture and the Master Note;
8. Resolutions certified by the Secretary of **[Progressive Health Systems, Inc.]**, the **[sole member of the Maker]**, adopted on _____, 2007, authorizing the Maker's participation in the above-captioned financing;
9. Written minutes of the proceedings of the Board of Trustees of the Maker held since June 1, 2005;
10. Executed originals of the Master Indenture and the Supplemental Indenture and ancillary closing certificates contained in the transcript of proceedings;

11. The certificate, of even date herewith, of the **[President]** and the **[Treasurer]** of the Maker (the "Officers' Certificate");

12. The **[joint order]**, of even date herewith, of the **[President]** of the Maker and the Obligated Group Agent stating that the requirements and conditions for issuance of the Master Note have been satisfied and complied with; and

13. Such written laws of the United States of America and the State of Illinois, and such written regulations thereunder, and such decisions, orders, writs, judgments, decrees, determinations or awards of federal and Illinois courts and administrative agencies as we deemed necessary for purposes of this letter.

In such examinations, we have assumed the authenticity of all documents, other than the Master Indenture, submitted to us as originals, and the conformity to original documents of all the documents submitted to us as certified or photostatic copies. In the course of our representation of the Maker and the other members of the Obligated Group and our investigation of matters conducted for purposes of rendering this opinion, nothing has come to our attention which has caused us to question the accuracy or reliability of those certifications.

We have also assumed that the Master Trustee has properly executed and delivered the Supplemental Indenture and the Master Note, (i) such execution and delivery have been properly authorized by the Master Trustee, (ii) the Master Trustee has the power fully to perform its obligations under the Supplemental Indenture, (iii) except as to the Maker, the Supplemental Indenture, constitutes the legal, valid and binding obligation of the Master Trustee, enforceable against it in accordance with its terms, (iv) the negotiation, execution, delivery and performance of the Supplemental Indenture has been and will be free from any fraud, misrepresentation, duress or criminal activity on the part of any party, and (vii) the Supplemental Indenture and the transactions contemplated thereby are supported by adequate consideration sufficient for the purposes set forth therein.

We have relied solely upon the examinations and inquiries recited herein and, except for the examinations and inquiries recited herein, we have not undertaken any independent investigation. As to all matters of fact which are material to our opinion, we have relied, without any independent due diligence or other investigation, upon the truth and accuracy of the representations, warranties and recitals of fact (as opposed to conclusions of law) made or set forth in the Master Note, the Supplemental Indenture, and in the **[Officers' Certificate]**, but we have no knowledge that any such statements are inaccurate or incomplete.

We are admitted to practice in the State of Illinois and do not hold ourselves out as being conversant with, and therefore express no opinion with respect to, the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of Illinois.

Based upon the foregoing, and subject to the further limitations and qualifications set forth below, we are of the opinion that:

1. The instruments furnished to the Master Trustee constitute sufficient authority under the Master Indenture for the Master Trustee to authenticate and deliver the Master Note.

2. The Maker has corporate power and authority to issue the Master Note and to execute and deliver the Supplemental Indenture and to perform its obligations thereunder and has taken all necessary action for that purpose.

3. The Master Note and the Supplemental Indenture are legal, valid and binding obligations of the Maker and other members of the Obligated Group enforceable in accordance with their terms, and the Master Note will be secured under the Master Indenture equally and on a parity with all other Outstanding Master Notes (except for any Master Notes issued with respect to Subordinated Indebtedness).

4. It is not necessary in connection with the issuance of the Master Note to register the Master Note under the Securities Act of 1933, as amended, or to qualify the Master Indenture or the Supplemental Indenture under the Trust Indenture Act of 1939, as amended.

The opinions set forth above are subject to the following qualifications and limitations:

The enforceability of the Master Note and the Supplemental Indenture is subject to the effect of any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws relating to or affecting creditors' rights generally and by principles of equity and as may otherwise be limited by judicial discretion, in the instance of multiple or equitable remedies, and by public policy. We express no opinion as to whether the enforceability of the Master Note and the Supplemental Indenture may be limited by implied covenants of good faith, fair dealing and commercially reasonable conduct.

Furthermore, (i) specific performance, injunctive relief or other traditional equitable remedies may not be available as they are subject to the discretion of the court before which any proceeding with respect thereto may be brought; (ii) rights to indemnification may be limited by federal or state securities law, and, accordingly, we express no opinion as to the enforceability of any indemnity provisions contained in the Master Note and the Supplemental Indenture; and (iii) we express no opinion with respect to any provision for submission to jurisdiction or related waivers of defenses to such jurisdiction contained in the Master Note and the Supplemental Indenture.

We express no opinion as to (i) title or ownership of property or the interest in property described in, or purported to be created by, any of the Master Note and the Supplemental Indenture, (ii) the priority of any lien, security interest or other encumbrance, or (iii) the creation, attachment or perfection of any lien or security interest.

We express no opinion with respect to the application, if any, of laws concerning or promulgated by (i) environmental effects or agencies, (ii) fraudulent dispositions or obligations,

U.S. Bank National Association

June __, 2007

Page 4

(iii) securities laws or agencies (except as to paragraphs 4 and 5), (d) tax effects or tax authorities or (iv) political subdivisions of the State of Illinois.

We do not render any opinion as to any matter except as specifically set forth herein. We do not undertake to update or to revise this opinion in the event of any change of law, whether by legislative action, judicial decision or otherwise, or in any factual circumstance. This opinion is being delivered solely to you and may not be delivered to, or relied upon by, any other party without our prior written consent.

Very truly yours,

June __, 2007

City of Pekin
Pekin, Illinois

Fifth Third Bank
_____, Michigan

Peck, Shaffer & Williams LLP
Cincinnati, Ohio

Pekin Memorial Hospital
Pekin, Illinois

Re: Master Lease-Purchase and Sublease-Purchase Agreement, dated as of June 1, 2007, among Fifth Third Bank (the "Bank"), City of Pekin, Illinois (the "Lessee") and Pekin Memorial Hospital (the "Sublessee") and Exhibit A thereto (collectively, the "Master Lease"), relating to lease obligations of the Lessee in the aggregate principal amount of \$6,044,029.

Ladies and Gentlemen:

We have acted as special counsel to the Sublessee, a nonprofit corporation organized under the laws of the State of Illinois, in connection with the issuance and sale of the lease obligations of the Lessee pursuant to the Master Lease, in refund a certain loan or line of credit provided by the Lessor to the Sublessee in order to acquire hospital facilities and to acquire, install and equip certain other hospital facilities (collectively, the "Project").

We have examined the following:

1. The Master Trust Indenture, dated as of July 1, 1993 (the "Master Indenture"), by and between the Sublessee and U.S. Bank National Association, as successor in trust (the "Trustee");
2. A copy of the Articles of Incorporation of the Sublessee, as certified by the Secretary of State of Illinois (the "Secretary of State") as on file with that office on _____, 2007;
3. A copy of the Code of Regulations of the Sublessee, as certified by the Secretary of the Sublessee, as in effect at all times since _____;
4. A certificate of the Secretary of State, dated _____, 2007, that the Sublessee is in good standing on the records of the Secretary of State;
5. Resolutions, certified by the Sublessee's Secretary, as adopted by the Board of Trustees of the Sublessee on _____, 2007, explicitly or implicitly authorizing the execution, delivery and performance by the Sublessee of: (A) the Master Lease; (B) the Agreement of Lease, dated as of June 1, 2007, by and between the Sublessee and the Lessor (C) the Escrow Agreement, dated as of June 1, 2007, by and among the Lessee, the Sublessee and the Lessor, as escrow agent; (D) the Tax Regulatory Agreement, dated as of June 1, 2007, among the Lessee, the Sublessee and the Lessor; and (E) Supplemental Indenture Number _____, dated as of June 1, 2007, between the Sublessee and the Trustee; and (F) authorizing the execution and delivery by the

Sublessee of the Uniform Commercial Code Financing Statements (collectively, the documents referenced in this paragraph shall hereinafter be referred to as the "Financing Documents") relating to security interests granted by the Sublessee pursuant to the Financing Documents;

6. A Reimbursement Resolution of the Sublessee dated as of _____, 2007;

7. Resolutions certified by the Secretary of **[Progressive Health Systems, Inc.]**, **[the sole member of the Sublessee]**, adopted on _____, 2007, authorizing the Sublessee's participation in the above-captioned financing;

8. Written minutes of the proceedings of the Board of Trustees of the Sublessee held since **[June 1, 2005]**;

9. Executed originals of each of the Financing Documents and ancillary closing certificates contained in the transcript of proceedings;

10. The Certificate of the **[President]** and the **[Treasurer]** of the Sublessee (the "Officers' Certificate"): (A) identifying each mortgage, indenture, loan agreement, lease, bond, evidence of indebtedness or other written agreement or instrument relating to obligations of the Sublessee for borrowed money or the deferred purchase of property or services payable more than one year from the date of occurrence thereof or on demand or relating to obligations of the Sublessee under capital leases; (B) identifying each order, writ, injunction, judgment, decree, determination or award of any court of competent jurisdiction which is currently in effect and to which the Sublessee is a party or it or its property is subject; (C) identifying all of the governmental permits, licenses and approvals which are material to the operation and financial condition of the Sublessee; and (D) certifying that the Sublessee: (i) is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code") and is not a "private foundation" as that term is used in the Code; (ii) has received a letter dated _____, _____ (the "IRS Determination Letter") from the Internal Revenue Service to that effect, which IRS Determination Letter has not been modified, limited or revoked; (iii) is in compliance with the terms, conditions and limitations, if any, contained in the IRS Determination Letter; (iv) has determined that the facts and circumstances which form the basis of the IRS Determination Letter as represented to the Internal Revenue Service continue to exist, including that the Sublessee is a "hospital" within the meaning of Section 170(b)(1)(A)(iii) of the Code and that the Sublessee's principal purpose is the providing of medical or hospital care, including the treatment of any physical or mental disability or condition, whether on an inpatient or outpatient basis, provided that the cost of such treatment is deductible under Section 213 of the Code by the person treated; (v) has determined that there has been no substantial change in its character, purposes, or methods of operation from that represented in the IRS Determination Letter; (vi) has not received any notification from the Internal Revenue Service to the effect that its status as an exempt organization under the Code is under review or may be revoked; (vii) has, to the best of their knowledge, conducted its operations and filed all required reports or documents with the Internal

Revenue Service and has done nothing to impair its status as an exempt organization under the Code; and (viii) has, to the best of their knowledge, no plans to take and has taken no action to date which might impair its status as an exempt organization under the Code;

11. The IRS Determination Letter; and

12. Such written laws of the United States of America and the State of Illinois, and such written regulations thereunder, and such decisions, orders, writs, judgments, decrees, determinations or awards of federal and Illinois courts and administrative agencies as we deemed necessary for purposes of this letter.

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies. Notwithstanding the foregoing, we have (with your permission) limited our factual inquiries to conferences with representatives of the Sublessee (at which conferences the business, affairs and properties of the Sublessee and other related matters were discussed), a review of the resolutions of the Sublessee, the certificates of certain public officials and the Officers' Certificate and certain factual inquiries that, in fact, were actually made by attorneys in this firm based on the matters discussed in such resolutions, such certificates and the Officers' Certificate or at such conferences. Any opinion herein qualified by the modifier "to the best of our knowledge" or by the modifier "of which we have knowledge" shall be deemed to incorporate these limitations (including the limitations set forth in any of the above certificates) with respect to our factual inquiries. In addition, in any opinion qualified by the modifier "to the best of our knowledge" or by the modifier "of which we have knowledge", such knowledge is limited to the actual knowledge of the attorney or attorneys in our firm who have performed legal services for the Sublessee.

We have also assumed that (i) all parties to the Financing Documents other than the Sublessee have properly executed and delivered the Financing Documents, (ii) such execution and delivery have been properly authorized as to each of such parties, (iii) such parties have the power fully to perform their respective obligations under the Financing Documents, (iv) except as to the Sublessee, the Financing Documents constitute the legal, valid and binding obligations of each of the parties thereto, enforceable against each such party in accordance with their respective terms, (v) the negotiation, execution, delivery and performance of the Financing Documents have been and will be free from any fraud, misrepresentation, duress or criminal activity on the part of any party, and (vi) each of the Financing Documents and the transactions contemplated thereby are supported by adequate consideration sufficient in each case for the purposes set forth therein.

We have relied solely upon the examinations and inquiries recited herein and, except for the examinations and inquiries recited herein, we have not undertaken any independent investigation. As to all matters of fact which are material to our opinion, we have relied, without any independent due diligence or other investigation, upon the truth and accuracy of the representations, warranties and recitals of fact (as opposed to conclusions of law) made or set forth in the Financing Documents and in the Officers' Certificate, but we have no knowledge that any such statements are inaccurate or incomplete.

We are admitted to practice in the State of Illinois and do not hold ourselves out as being conversant with, and therefore express no opinion with respect to, the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of Illinois.

Based upon and subject to the foregoing and the further qualifications and limitations set forth below, as of the date hereof, we are of the opinion that:

1. The Sublessee is a nonprofit corporation duly formed and validly existing under the laws of the State of Illinois.

2. The Sublessee has the corporate power and authority to lease and operate the Project, as defined in the Master Lease, as "hospital facilities."

3. The Sublessee is an organization described in Section 501(c)(3) of the Code, is exempt from federal income taxation under Section 501(a) of the Code, and is not a private foundation under Section 509(a)(1) of the Code by virtue of being a hospital within the meaning of Section 170(b)(1)(A)(iii) of the Code.

4. The Sublessee has the necessary corporate power and authority to: (A) execute and deliver the UCC Financing Statements; and (B) execute and deliver, and perform its obligations under, the Financing Documents.

5. The Sublessee has validly authorized, by all necessary corporate action: (A) the execution and delivery by the Sublessee of the UCC Financing Statements; and (B) the execution and delivery of, and the performance of its obligations under, the Financing Documents.

6. The UCC Financing Statements are duly authorized, executed and delivered by the Sublessee, and that each of the Financing Documents has been duly authorized, executed and delivered by the Sublessee and constitutes the valid and binding obligation of the Sublessee enforceable against the Sublessee in accordance with its terms.

7. The execution and delivery of the UCC Financing Statements, and the execution and delivery of, and the performance of its obligations under, the Financing Documents, by the Sublessee do not and will not: (A) violate any provision of the Sublessee's Articles of Incorporation or Code of Regulations as amended and in effect; (B) violate any order, writ, judgment, injunction, decree, determination or award which is currently in effect and known by us and to which the Sublessee is a party or is subject; (C) violate any written law of the United States of America or the State of Illinois or any written regulation thereunder which is currently in effect and to which the Sublessee is subject; or (D) result in a breach of, or constitute a default under, any mortgage, indenture, loan agreement, lease, bond, evidence of indebtedness or other written agreement or instrument relating to obligations of the Sublessee for borrowed money or the deferred purchase of property or services payable more than one year from the date of occurrence thereof or on demand or relating to obligations of the Sublessee under capital leases, of which we have knowledge, which breach or default would materially and adversely affect the financial condition or operations of the Sublessee.

The opinions set forth above are subject to the following qualifications and limitations:

The enforceability of the Financing Documents is subject to the effect of any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws relating to or affecting creditors' rights generally and by principles of equity and as may otherwise be limited by judicial discretion, in the instance of multiple or equitable remedies and by public policy. We express no opinion as to whether the enforceability of any of the Financing Documents may be limited by implied covenants of good faith, fair dealing and commercially reasonable conduct.

Furthermore, (i) specific performance, injunctive relief or other traditional equitable remedies may not be available as they are subject to the discretion of the court before which any proceeding with respect thereto may be brought; (ii) rights to indemnification may be limited by federal or state securities law, and, accordingly, we express no opinion as to the enforceability of any indemnity provisions contained in the Financing Documents; and (iii) we express no opinion with respect to any provision for submission to jurisdiction or related waivers of defenses to such jurisdiction contained in the Financing Documents.

We express no opinion as to (i) title or ownership of property or the interest in property described in, or purported to be created by, any of the Financing Documents, (ii) the priority of any lien, security interest or other encumbrance, or (iii) the creation, attachment or perfection of any lien or security interest.

We express no opinion with respect to the application, if any, of laws concerning or promulgated by (a) environmental effects or agencies, (b) fraudulent dispositions or obligations, (c) securities laws or agencies, (d) tax effects or tax authorities or (e) political subdivisions of the State of Illinois.

We do not render any opinion as to any matter except as specifically set forth herein. We do not undertake to update or to revise this opinion in the event of any change of law, whether by legislative action, judicial decision or otherwise, or in any factual circumstance. This opinion is being delivered solely to you and may not be delivered to, or relied upon by, any other party without our prior written consent.

Very truly yours,

ASSIGNMENT OF RIGHTS UNDER A MASTER LEASE

THIS ASSIGNMENT OF RIGHTS UNDER A MASTER LEASE (the "Assignment") made as of this 1st day of June, 2007, by the **CITY OF PEKIN, ILLINOIS** (the "**Assignor**"), a municipal corporation and political subdivision of the State of Illinois, to **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized, validly existing, and qualified to exercise trust powers in its capacity as trustee, as successor in trust (the "Master Trustee") pursuant to a Master Trust Indenture dated as of July 1, 1993 (the "Master Trust Indenture") between Pekin Memorial Hospital (the "Hospital") and the Master Trustee, and its successors and assigns (the "**Assignee**"). Words and terms not defined herein shall have the meanings assigned them in the Master Lease hereinafter described.

WITNESSETH:

WHEREAS, the Hospital shall finance the acquisition, construction, equipping, improving and installation of (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital, all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554, from all of the moneys received by the City of Pekin, Illinois (the "City") from the sale of lease obligations in the amount of \$6,044,029 pursuant to the Master Lease-Purchase and Sublease-Purchase Agreement, dated as of June 1, 2007 (the "Master Lease Agreement"); and

WHEREAS, the Hospital is delivering to Fifth Third Bank (the "Bank") its note to evidence its obligation to pay Rental Payments pursuant to the Master Lease Agreement;

NOW, THEREFORE, in consideration of the agreements and covenants herein contained the Assignor and Assignee agree as follows:

1. Assignor hereby assigns, transfers and sets over without limitation unto the Assignee its rights under Section 13.02 of the Master Lease Agreement to terminate the Master Lease Agreement, take possession of the Project and operate or relet the Project, together with all permits, licenses, accreditation and certificates to the extent permitted by law or by the policies of the applicable body, necessary for the Assignee to hold, operate and manage the hospital facilities more particularly described in the Master Lease Agreement as the Project, in the event of termination of the Master Lease Agreement by reason of the default of the Hospital.

2. Assignor hereby authorizes and directs the Hospital, or any other or future Hospitals under the Master Lease Agreement or other users of a portion of the premises leased by the Hospital, to recognize the Assignee under the Master Lease Agreement for those rights herein assigned and continue to do so until otherwise notified by the Assignor.

The Assignor and the Assignee, and the Hospital by its consent hereto, hereby agree that the Assignee assumes no obligation or liability of any kind under or in connection with the Master Lease Agreement by reason of the acceptance by the Assignee of this Assignment and this Assignment is accepted solely to permit

enforcement of the performance by the Hospital of its obligations under the Master Lease Agreement.

3. This Assignment shall continue in effect for the term of the Master Lease Agreement or any extension or renewal thereof.

4. The Assignor and the Assignee agree that, at any time and from time to time after the execution and delivery of this Assignment, they will, upon request therefor, execute and deliver such further documents and do such further acts and things as are necessary fully to effect the purposes of this Assignment.

5. The provisions of this Assignment shall be binding upon the successors and assigns of the Assignor and the Assignee.

6. This Assignment embodies the entire agreement and understanding between the parties relating to the subject matter hereof and may not be amended, waived or discharged except by an instrument in writing executed by the parties hereto.

IN WITNESS WHEREOF, the Assignor has caused this instrument to be executed by its duly authorized officers as of June ____, 2007.

CITY OF PEKIN, ILLINOIS

By: _____
Name:
Title:

APPROVED AS TO FORM:

By: _____
Name:
Title: Authorized Attorney for the City

U.S. BANK NATIONAL ASSOCIATION
(Assignee)

By:

Name:

Title:

_____, 2007

This instrument prepared by:

Peck, Shaffer & Williams LLP
201 East Fifth St., Suite 900
Cincinnati, Ohio 45202

STATE OF ILLINOIS

)

) SS:

COUNTY OF _____

)

On this ____ day of _____, 2007, before me, a notary public in and for the City and state aforesaid, personally appeared _____, to me known and known to me to be the _____ of the City of Pekin, Illinois, and to me known to be the individual who executed the foregoing instrument, and acknowledged to me the execution thereof to be his/her free act and deed and the free act and deed of said individual for the uses and purposes therein mentioned, and acknowledged to me that he/she did so sign said instrument in the name and upon behalf of said City as such officer; that the same is his/her free act and deed as such officer, and the free act and deed of said City

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Illinois

My commission expires _____

STATE OF ILLINOIS)
)SS:
COUNTY OF _____)

On this ____ day of _____, 2007, before me, a notary public in and for the City and state aforesaid, personally appeared _____, to me known and known to me to be the _____ of U.S. Bank National Association, and to me known to be the individual who executed the foregoing instrument, and acknowledged to me the execution thereof to be his/her free act and deed and the free act and deed of said individual for the uses and purposes therein mentioned, and acknowledged to me that he/she did so sign said instrument in the name and upon behalf of said entity as such officer; that the same is his/her free act and deed as such officer, and the free act and deed of said entity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

My commission expires _____

Notary Public, State of Illinois

CONSENT

In consideration of the execution of this Assignment by the Assignor and the Assignee, the issuance of the lease of obligations issued by the Assignor and the acceptance by the Assignee of the trusts created by the Master Trust Indenture, Pekin Memorial Hospital (the "Hospital"), hereby approves and consents to this Assignment and the assignment herein made and agrees (i) that the Assignee may exercise the rights herein assigned and provided in the Master Lease Agreement, (ii) that it will comply with its obligations under Article XIV of the Master Lease Agreement, (iii) that the Assignee has relied on the effectiveness of this Assignment and the assignment herein made and its ability to immediately exercise the rights of possession assigned upon an Event of Default under the Master Lease Agreement and to promptly take possession of the Project without delay caused by the refusal of the Hospital to surrender possession or by frivolous administrative or judicial proceedings in order to perform its duties as Master Trustee and protect from waste and conserve the assets of the Hospital relied upon by the Hospital's creditors for repayment of the Hospital's debts, and (iv) that the Assignee has incurred substantial expenses and accepted potential liabilities in its capacity as Master Trustee in reliance on the effectiveness of this Assignment and the assignment herein made and its ability to take possession of the Project upon an Event of Default under the Master Lease Agreement in order to perform its duties and obligations as Master Trustee under the Master Trust Indenture.

PEKIN MEMORIAL HOSPITAL

By: _____

Name: _____

Title: **[President]**

This instrument was prepared by:

*Peck, Shaffer & Williams LLP
201 East Fifth Street, Suite 900
Cincinnati, Ohio 45202*

**CERTIFICATE UNDER SECTIONS 103(b)(2) and 148
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED**

The City of Pekin, Illinois (the "Lessee") hereby certifies with respect to its \$6,044,029 in lease obligations (the "Obligations") dated as of June ___, 2007, which are being issued today (the "Obligations Closing Date"), the date of delivery of and payment for the Obligations, under the Master Lease-Purchase and Sublease-Purchase Agreement dated as of June ___, 2007 (the "Master Lease") by and among the Lessee, the Lessor (hereinafter defined) and the Sublessee (hereinafter defined) and which are to be acquired by Fifth Third Bank (the "Lessor"), that the following facts, estimates and circumstances regarding the amount and Use of all of the Proceeds of the Obligations are, as of the Obligations Closing Date and according to the Lessee's best knowledge and belief, reasonably expected to exist or to occur:

A. Proceeds.

The Proceeds of the Obligations consist, and will consist, of the Sale Proceeds and Investment Proceeds.

The Sale Proceeds of the Obligations have been calculated as follows:

Par Amount of Obligations	\$6,044,029
Sale Proceeds	<u>\$6,044,029</u>

B. Purpose of Issue.

The Proceeds of the Obligations will be used to make a Purpose Investment (the "Purpose Loan") with Pekin Memorial Hospital (the "Sublessee"), a non-profit corporation organized under the laws of the State of Illinois, under the Master Lease. The proceeds of the Purpose Loan, together with certain other funds, will be used only:

(i) to pay Debt Service of, retire or redeem \$_____ of the Sublessee's outstanding taxable loans or lines of credit currently provided for by Fifth Third Bank (the "Prior Obligations"), the proceeds of which were originally used for the acquisition of an MRI business enterprise;

(ii) to acquire building improvements and hospital facilities, including (without limitation) hospital equipment for the benefit of the Sublessee (collectively, the purposes in subsection (B)(1) and (ii) shall hereinafter be referred to as the "Project"); and

(iii) to pay Costs of Issuance of the Obligations, if any,

each of which constitutes a valid governmental purpose (the "Governmental Purpose").

The total amount of Sale Proceeds of the Obligations received, or deemed received, by the Lessee will not exceed the amount necessary to finance the Governmental Purpose. The Obligations are being issued at this time in this amount because the Lessee has agreed to make proceeds of the Obligations available to the Sublessee and the Sublessee, (i) is obligated or will

soon be obligated to make certain payments with respect to the Project and it would be costly and inefficient to issue additional obligations in the future to finance the remainder of the costs of the Project that are expected to become due and (ii) is obligated or will soon be obligated to pay Debt Service of, retire or redeem the Prior Obligations.

C. Yield on the Obligations.

(1) The price at which the Obligations were sold to the Lessor, which intends to hold the Obligations for investment purposes and not for resale to the general public, is \$6,044,029.

(2) As set forth in the attached Certificate of Lessor, Lessor has stated that the Yield on the Obligations is _____%.

(3) Neither the Lessee nor the Sublessee or any Related Person to the Lessee or the Sublessee has entered into or expects to enter into any Hedge with respect to the Obligations themselves.

D. Application of Sale Proceeds.

All of the Sale Proceeds of the Obligations will be used as described in this section.

(1) \$_____ will be used to pay Debt Service of, retire or redeem the Prior Obligations being refunded.

(2) \$_____ will be used to acquire building improvement and hospital facilities, including (without limitation) hospital equipment, which improvements and acquisitions constitute the new money portion of the Project.

Any Proceeds not used in the manner set forth above will be used to pay Costs of Issuance of the Obligations no later than one year after the Obligations Closing Date, or will be used otherwise by the Lessee or the Sublessee only with an approving opinion of Bond Counsel. The Sublessee will pay certain Costs of Issuance of the Obligations from sources of funds other than Proceeds of the Obligations. If unexpected excess Sale Proceeds arise, such Proceeds will be used to pay Debt Service of the Obligations no later than one year after such date, under Treas. Reg. § 1.148-6(d)(3)(ii)(A)(6).

E. Expenditure of Proceeds.

(1) A portion of the Proceeds of the Obligations will be used to pay Debt Service of, retire or redeem the Prior Obligations no later than ninety days after the Obligations Closing Date and to acquire that portion of the Project (as defined herein) not acquired with the Prior Obligations.

(2) The Prior Obligations were issued to acquire an MRI business enterprise located in Pekin, Illinois, as further described in the Master Lease. All of the Proceeds of such obligations were lent to the Sublessee and no later than six months after the Closing Date of such obligations (the "Prior Obligations Closing Date"), the Sublessee incurred a substantial binding commitment to an Unrelated Person to expend at least 5% of the Net Sale Proceeds of such obligations on the

Project. The Sublessee expected to expend at least 85% of the Net Sale Proceeds of such obligations no later than three years after the Prior Obligations Closing Date. The acquisition of that portion of the Project financed with the Prior Obligations has proceeded with due diligence (and is expected to do so until completion) and the Proceeds of the Prior Obligations were spent on a portion of the Project no later than three years after the Prior Obligations Closing Date.

(3) The acquisition of that portion of the Project not described in subsection (E)(2) herein (i.e. the new money portion of the Project) will commence shortly and the Sublessee has incurred, or will incur within six (6) months after the Closing Date of the Obligations, a substantial binding commitment to expend at least five percent (5%) of the Net Sales Proceeds of the Obligations on that portion of the Project. The Sublessee expects to expend at least eighty-five percent (85%) of the Net Sales Proceeds on that portion of the Project not described in subsection (E)(2) herein within three (3) years of the Closing Date. The acquisition of that portion of the Project not described in subsection (E)(2) herein will proceed with due diligence to completion and the Proceeds will be spent on that portion of the Project on or before a date that is within three (3) years of the Closing Date.

F. Investment of Proceeds.

(1) The Master Lease and the Tax Regulatory Agreement dated as of June ___, 2007 (the "Tax Regulatory Agreement"), attached hereto, require that the Lessee and the Sublessee restrict the Use of the Proceeds of the Obligations and take such other actions as may be necessary so that the Obligations will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Obligations nor any Disposition Proceeds of the Obligations will be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods. If any Gross Proceeds of the Obligations are still invested at a Materially Higher Yield after the expiration of the Applicable Temporary Period, Yield Reduction Payments will be made.

(2) The Yield on the Purpose Loan will not exceed the Yield on the Obligations by more than 0.00125.

(3) Not more than 50% of the Proceeds of the Obligations will be invested in Nonpurpose Investments that have a substantially guaranteed Yield for at least four years. At the time the Prior Obligations were issued, the Lessee expected (and as of the Closing Date with respect to the new money portion of the Project, the Lessee expects), that not more than 50% of the Proceeds of such obligations would/will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Not more than 50% of such Proceeds are so invested.

(4) No account, Pledged Fund or credit facility has been or will be established to pay Debt Service of or premium, if any, on the Obligations. There are no other moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of Debt Service of or premium, if any, on the Obligations, and there are no other moneys, sources of funds, securities or obligations with respect to which either the Lessee or the Sublessee has given or will give any reasonable assurance to any holder of the Obligations that such funds will be available to pay Debt Service of or premium, if any, on the Obligations.

(5) Any U.S. Treasuries or other escrow securities acquired with Gross Proceeds of the Obligations has been or will be purchased according to the procedures described in Treas. Reg. §§ 1.148-5(d) and (e).

G. General.

(1) No portion of the Project will be sold or otherwise disposed of by the Sublessee before the final principal maturity date of the Obligations.

(2) There are no amounts, other than the Gross Proceeds of the Obligations, that have a nexus to the Governmental Purpose sufficient that such other funds, if any, would have been used for that purpose. Except for the funds described in Section F, if any, there are no sinking funds or Pledged Funds and the term of the Obligations is not longer than reasonably necessary for the Governmental Purpose.

(3) Any Arbitrage Compliance Payments owed with respect to the Obligations will be remitted to the United States Treasury no later than sixty days after (i) each Installment Computation Date, and (ii) the Final Computation Date for the Obligations.

(4) Any Arbitrage Compliance Payments owed with respect to the Prior Obligations will be remitted to the United States Treasury no later than sixty days after the Refunded Bond Computation Date for such obligations.

(5) Neither the Lessee nor the Sublessee has employed in connection with the issuance of the Obligations a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder to enable the Lessee or the Sublessee to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or to increase the burden on the market for Tax-Exempt Bonds through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) Certain of the facts, estimates and circumstances contained herein are based upon representations made by the Sublessee and the Lessor in the attached certificates and letters, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Obligations. The Lessee is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best knowledge and belief of the undersigned, who is authorized by the Lessee to sign this certificate on behalf of the Lessee, the expectations of the Lessee as stated in this Certificate are reasonable and there are no other facts, estimates or circumstances that would materially change that conclusion.

(7) Capitalized terms not defined in this Certificate are defined in the Tax Regulatory Agreement.

(8) This certificate is being executed and delivered under Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the Proceeds of the Obligations will be used in a manner that would cause the Obligations to be Arbitrage Bonds.

CITY OF PEKIN, ILLINOIS

By: _____

Name:

Title:

Dated: June ___, 2007

123645

CERTIFICATE OF LESSOR

The undersigned hereby certifies on behalf of Fifth Third Bank that (1) it agreed to purchase the Obligations from the Lessee on June ___, 2007 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) it paid the amount set forth in paragraph (C) of the foregoing certificate of the Lessee, will hold the Obligations for investment and does not intend to offer the Obligations for resale to the general public; (3) it computed the yield on the Obligations, _____%, as that yield (determined on the basis of monthly compounding) which, when used in computing the present worth of all payments of principal and interest to be made thereon, produces an amount equal to the purchase price thereof, which, in the case of the Obligations, is the initial offering price to the public, determined without taking into account issuance expenses and underwriter's discount; and (4) this certificate may be relied upon by the Lessee in executing the foregoing certificate and by Peck, Shaffer & Williams LLP in rendering any opinion with respect to the Obligations.

FIFTH THIRD BANK

By: _____

Name: _____

Title: _____

Dated: June ___, 2007

CERTIFICATE OF SUBLESSEE

The undersigned hereby certifies on behalf of Pekin Memorial Hospital (the "Sublessee") that (1) the statements relating to the use of the Proceeds of the Obligations and the facilities financed with such Proceeds under an agreement by and among the Sublessee, the Lessor and the Lessee evidenced by the Master Lease, described in the foregoing certificate, are true and the expectations contained therein are reasonable, and the undersigned is aware of no facts, estimates or circumstances which would materially change such statements or expectations, (2) its employer identification number is _____, and (3) this certificate may be relied upon by the Lessee in executing the foregoing certificate and by Peck, Shaffer & Williams LLP in rendering any opinion with respect to the Obligations. The Sublessee will hold harmless the Lessee and Peck, Shaffer & Williams LLP against all consequences of any material misrepresentation in or material omission from the foregoing certificate.

PEKIN MEMORIAL HOSPITAL

By: _____

Name: _____

Title: _____

Dated: June ____, 2007

**CERTIFICATE OF OBLIGATED GROUP AGENT
AND PEKIN MEMORIAL HOSPITAL
PURSUANT TO THE MASTER INDENTURE**

The undersigned officers of Pekin Memorial Hospital, in their capacity as, first, Obligated Group Agent for the Obligated Group, and, second, as **[President]** for Pekin Memorial Hospital (the "Hospital"), hereby represent and certify as follows:

(a) The requirements and conditions set forth in the Master Trust Indenture (the "Master Indenture") dated as of July 1, 1993, between the Hospital and U.S. Bank National Association, as successor in trust (the "Master Trustee") and the Fifth Supplemental Master Trust Indenture, dated as of June 1, 2007, between the Hospital and the Master Trustee, have been complied with and satisfied.

(b) The Pekin Memorial Hospital Series 2007A Direct Note Obligation (the "Series 2007A Note") issued by the Hospital, dated June ____, 2007 has been duly executed by the Hospital.

(c) Pursuant to the provisions of Section 204 of the Master Indenture, the Master Trustee is directed to authenticate the Series 2007A Note and deliver it to Fifth Third Bank.

(d) The undersigned consent to the issuance of the Series 2007A Note.

(e) The undersigned hereby certify that the proceeds of the \$6,044,029 lease obligations issued pursuant to Schedule No. 1 under the Master Lease-Purchase and Sublease-Purchase Agreement (the "Master Lease Agreement") among Fifth Third Bank, the City of Pekin, Illinois and the Hospital will be used to finance the acquisition, construction, equipping, improving and installation of (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital, all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554 and related improvements to the Hospital.

(f) Upon incurring the Indebtedness represented by the Master Lease Agreement and the Series 2007A Note, no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing.

(g) The Indebtedness represented by Schedule No. 1 to the Master Lease Agreement and the Series 2007A Note shall be Indebtedness issued pursuant to **[Section 415()]** of the Mater Indenture. This Indebtedness has not been reclassified as having been issued under Section 415(A), (D), (E), (G), (H) or (I) of the Master Indenture, and does not exceed 10% of the Revenue of the Obligated Group for the latest preceding Fiscal Year for which combined financial statements reported upon by independent certified public accountants are available.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this _____ day of June, 2007.

PEKIN MEMORIAL HOSPITAL

By: _____
Name: _____
Title: **[President]**

EXHIBIT A

**(THIS NOTE HAS NOT BEEN REGISTERED UNDER
THE SECURITIES ACT OF 1933)**

**PEKIN MEMORIAL HOSPITAL
SERIES 2007A DIRECT NOTE OBLIGATION**

PEKIN MEMORIAL HOSPITAL (the "Maker"), a nonprofit corporation duly organized and validly existing under the laws of the State of Illinois (the "State"), for value received, hereby promises to pay to ***Fifth Third Bank*** or registered assigns, the principal sum of Six Million Forty-Four Thousand and Twenty Nine Dollars (\$6,044,029), in installments on the business day set forth below as to the Series 2007A Obligations, as herein defined, and to pay principal and interest thereon at the rates, on the dates and in the manner set forth on the attached ***Exhibit 1***.

The amount of each installment shall be subject to adjustment as provided in the Master Lease Agreement, as herein defined.

Principal of and interest and any premium on this Series 2007A Note are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof and interest and any premium hereon shall be payable by depositing the same with the Lessor, as herein defined, at or prior to the opening of business on the date the same shall become due and payable, and giving notice of payments to the Master Trustee, presently U.S. Bank National Association (the "Master Trustee"), as successor in trust, as provided in the Master Indenture (as defined herein).

The Series 2007A Note is a duly authorized issue of the Maker, in the principal amount of \$6,044,029, designated as "Pekin Memorial Hospital Series 2007A Direct Note Obligation" (the "Series 2007A Note", and together with all other Obligations issued and secured under said Master Indenture, the "Obligations") issued under and pursuant to the Fifth Supplemental Master Trust Indenture, dated as of June 1, 2007 (the "Supplemental Indenture"), among the Maker and the Master Trustee, supplementing and amending the Master Trust Indenture, dated as of July 1, 1993, between the Maker and the Master Trustee. The Master Trust Indenture, as so supplemented and amended, is herein called the "Master Indenture."

This Series 2007A Note is issued for the purpose of evidencing the obligations of the Maker under the Master Lease Agreement entered into in connection with the issuance and sale of lease obligations of the City of Pekin, Illinois (the "Issuer") aggregating \$6,044,029 in principal amount, (the "Series 2007A Obligations") issued under and pursuant to the Constitution and laws of the State, and a Master Lease-Purchase and Sublease-Purchase Agreement (the "Master Lease Agreement") among the Issuer, as lessee, the Maker and the Fifth Third Bank, as lessor (the "Lessor"), dated as of June 1, 2007, for the purpose of financing the costs of hospital facilities, as more fully set forth in the authorizing legislation of the Issuer.

The Series 2007A Obligations will bear interest at the rates and will mature, subject to redemption, in accordance with the Master Lease Agreement, in the amounts and on the dates set forth in ***Exhibit 1*** attached hereto. **[To the extent permitted by applicable law, this Series**

2007A Note shall bear interest, at the prime rate identified in the Master Lease Agreement, on any part of the principal hereof or interest or any premium hereon not paid when due for any period when the same shall be overdue.] The Maker shall receive a credit against amounts due on any payment date as principal of or interest or any premium on this Series 2007A Note, respectively, equal to amounts paid as or credited against payments of principal of or interest or any premium on the Series 2007A Obligations, respectively, on such payment date.

Copies of the Master Indenture, the Master Lease Agreement and the Agreement of Lease are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture, the Master Lease Agreement and the Agreement of Lease for the provisions, among others, with respect to the nature and extent of the rights of the holders of this Series 2007A Note, the terms and conditions on which, and the purposes for which, this Series 2007A Note is issued and the rights, duties and obligations of the Maker and other member of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Series 2007A Note, assents.

The Master Indenture permits the issuance of additional series of Obligations under the Master Indenture, to be secured by the covenants made therein, all of which, regardless of the times of issuance or maturity, are to be of equal rank without preference, priority or distinction of any Obligations of any series issued under the Master Indenture over any other such Obligations except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications to or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Maker and other Members of the Obligated Group and of the holders of the Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture; provided, however, that no such modification or change shall be made which will (a) extend the stated maturity or reduce the principal amount of or reduce the rate or extension of time of paying interest on or reduce any premium payable on the redemption of any Obligation, without the consent of the holder of such Obligation, (b) reduce the aggregate principal amount of Obligations the holders of which are required to consent to any Supplemental Master Indenture or any such amending or supplementing instruments, without the consent of the holders of all Obligations at the time outstanding which would be affected by the action to be taken, (c) modify the rights, duties or immunities of the Master Trustee; provided further that no such modification shall be made if it materially adversely affects the provisions of the Master Indenture concerning the conditions precedent to a Person becoming a Member, the conditions precedent to cessation of status as a Member, the maintenance of the Obligated Group's Property free and clear of Liens other than Permitted Encumbrances, the definition of Permitted Encumbrances or transactions with or transfers to members and other entities without the written approval or consent of the holders of not less than 51% in aggregate principal amount of the Obligations of each series affected thereby. Any terms in this paragraph not otherwise defined herein, shall have the meaning set forth in the Master Indenture. Any such consent by the holder of this Series 2007A Note shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Series 2007A Note.

In the manner and with the effect provided in the Master Indenture, this Series 2007A Note is subject to redemption prior to maturity, to the extent and with respect to the corresponding payments of principal, and at the applicable redemption premium, that the Series 2007A Obligations are subject to redemption in accordance with the Master Lease Agreement. Publication of notice of redemption of the Series 2007A Obligations shall, without further action by the Master Trustee or the Maker, constitute notice of redemption of the corresponding amounts of principal on this Series 2007A Note and the same shall, thereby, become due and payable on the date of redemption of such Series 2007A Obligations and at a redemption price equal to the redemption price payable with respect to the Series 2007A Obligations so redeemed.

If this Series 2007A Note shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Indenture, interest on this Series 2007A Note shall cease to accrue from the date fixed for redemption, and from and after such date this Series 2007A Note shall be deemed not to be Outstanding and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect to this Series 2007A Note other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain Events of Default, as defined in the Master Indenture, the principal of all outstanding Obligations may be declared, and thereupon shall become, due and payable as provided in the Master Indenture.

The holder of this Series 2007A Note shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Series 2007A Note shall be registered on the register to be maintained by the Master Trustee for that purpose at the designated corporate trust office of the Master Trustee.

The Maker, the Master Trustee, any paying agent and any Series 2007A Note registrar may deem and treat the person in whose name this Series 2007A Note is registered as the absolute owner hereof for all purposes; and neither the Maker, any paying agent, the Master Trustee nor any Note registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Series 2007A Note.

This Series 2007A Note is issuable only as a registered Obligation without coupons as authorized under the Supplemental Indenture.

No covenant or agreement contained in this Series 2007A Note or the Master Indenture shall be deemed to be a covenant or agreement of any incorporator, shareholder, director, trustee, officer, agent or employee of the Maker or of the Master Trustee or of the Obligated Group Agent in his individual capacity, and neither any incorporator, member, shareholder, director, officer, agent, or employee of the Governing Body (as defined in the Master Indenture) of the Maker, the Obligated Group Agent nor any officer executing this Series 2007A Note shall be

liable personally on this Series 2007A Note or be subject to any personal liability or accountability by reason of the issuance of this Series 2007A Note.

This Series 2007A Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Series 2007A Note shall have been endorsed by the Obligated Group Agent and authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

This Series 2007A Note shall not be assigned, transferred or set over other than to the Lessor or to a successor Lessor.

This Obligation is an Accelerable Instrument (as such term is defined in the Master Indenture).

IN WITNESS WHEREOF, the Maker has caused this Series 2007A Note to be executed in its name and on its behalf by the manual signature of the **[President]** of Pekin Memorial Hospital on behalf of the Maker as of June ___, 2007.

PEKIN MEMORIAL HOSPITAL

By:

Name:

Title: **[President]**

123449

This Series 2007A Note is one of the Obligations described in the within mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION, not in
its individual capacity, but solely as Master Trustee

By: _____
Authorized Officer

June ____, 2007

EXHIBIT 1

FIFTH SUPPLEMENTAL MASTER TRUST INDENTURE

THIS FIFTH SUPPLEMENTAL MASTER TRUST INDENTURE (the "Supplemental Indenture"), dated as of June 1, 2007, is among **PEKIN MEMORIAL HOSPITAL**, a nonprofit corporation duly organized and validly existing under the laws of the State of Illinois (the "Corporation"), **PARK COURT LIMITED**, a _____ and **U.S. BANK NATIONAL ASSOCIATION**, authorized under the laws of the United States, as trustee, a national banking association duly organized and validly existing, and qualified to exercise trust powers, as successor in trust (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of July 1, 1993, as previously supplemented and amended (the "Master Indenture"), between the Corporation and the Master Trustee;

WITNESSETH:

WHEREAS, the Corporation has heretofore entered into an Agreement of Lease dated as of June 1, 2007 (the "Agreement of Lease"), by and between Fifth Third Bank (the "Lessor" or "Bank") and the Corporation providing for (i) the lease by said Bank to the Corporation of hospital facilities to be operated by the Corporation which are being financed (as hereinafter described) from the proceeds of sale of the lease obligations of the City of Pekin, Illinois (the "City") pursuant to the Master Lease-Purchase and Sublease-Purchase Agreement dated as of June 1, 2007 (the "Master Lease Agreement") among the Corporation, the City and the Bank in the principal amount of \$6,044,029 (the "Series 2007A Obligations"), and (ii) the payment by the Corporation to the City of Rental Payments (as defined in the Master Lease Agreement) in an amount sufficient to pay when due the principal of and interest and any premium on the Series 2007A Obligations; and

WHEREAS, the Series 2007A Obligations are being issued pursuant to the Master Lease Agreement for the purpose of financing the acquisition, construction, equipping, improving and installation of certain hospital facilities; and

WHEREAS, the Corporation and Park Court Limited are the Members of the Obligated Group within the meaning of the Master Indenture and are authorized by the Master Indenture, and deem it necessary and desirable, to issue, authenticate and deliver an Obligation of a series pursuant to the Master Indenture and this Supplemental Indenture in order to secure the obligations of the Corporation under the Master Lease Agreement, including the Corporation's obligation to pay Rental Payments under the Master Lease Agreement, as aforesaid; and

WHEREAS, all acts and things necessary to make the Obligation created by this Supplemental Indenture, when executed by the Corporation and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Indenture, the valid, binding and legal obligation of the Corporation, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Indenture and the issue hereunder and under the Master Indenture of the Obligation created by this Supplemental Indenture have in all respects been duly authorized, and the Corporation, in

the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the Obligation created hereby;

NOW THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Obligation created hereby is authenticated, issued and delivered, and in consideration of the premises and the acquisition and acceptance of the Obligation created hereby by the holder thereof, the Corporation covenants and agrees with the Master Trustee as follows:

[Remainder of this page intentionally left blank]

ARTICLE I
THE SERIES 2007A NOTE

Section 1.01. There is hereby created a single Obligation (the "Series 2007A Note") to be known as and entitled "Pekin Memorial Hospital Series 2007A Direct Note Obligation" issuable as one registered Obligation without coupons in the principal amount of \$6,044,029. The Series 2007A Obligation shall be issuable to and registered in the name of the Lessor, or its successor or successors in trust. The Series 2007A Note shall be executed, authenticated and delivered in accordance with Article Two of the Master Indenture.

Section 1.02. The Series 2007A Note shall be dated as of _____, 2007. The principal of the Series 2007A Note shall be payable in installments in the principal amounts and on the dates, and each of the unpaid installments of principal shall bear interest from _____, 2007 at the rates, all as set forth in ***Exhibit A*** attached hereto.

Section 1.03. The Corporation shall receive a credit against amounts due on the Series 2007A Note on any payment date with respect to principal of or interest or any premium on such Series 2007A Note, equal to the amounts paid as or credited against payments of the principal of or interest or any premium on the Series 2007A Obligations, on such payment date.

Section 1.04. The Series 2007A Note shall bear interest on overdue installments of principal, premium, if any, and, to the extent permitted by law and as further described in the Master Lease Agreement.

[Remainder of this page intentionally left blank]

ARTICLE II REDEMPTION

Section 2.01. The Series 2007A Note shall be subject to redemption prior to maturity, to the extent and with respect to the corresponding payments of principal and at the applicable redemption premium, that the Series 2007A Obligations are subject to redemption (other than by mandatory sinking fund redemption) in accordance with the terms of the Master Lease Agreement. Publication of notice of redemption of the Series 2007A Obligations (other than by mandatory sinking fund redemption) shall, without further notice or action by the Master Trustee or the Corporation, constitute notice of redemption of the corresponding amounts of principal due on the Series 2007A Note, and the same shall, thereby, become due and payable on the date of redemption of such Series 2007A Obligations and at a redemption price equal to the redemption price payable with respect to the Series 2007A Obligations so redeemed.

Section 2.02. In the event of a partial redemption of the Series 2007A Note pursuant to Section 2.01 hereof, the amount of each installment of such Obligation becoming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on the Series 2007A Note and on the Series 2007A Obligations shall have been timely paid in full.

[Remainder of this page intentionally left blank]

ARTICLE III
COVENANTS OF THE MEMBERS OF THE OBLIGATED GROUP

Section 3.01. The Corporation and Park Court Limited each hereby agree that it is a Member of the Obligated Group under the Master Indenture and thereby subject to compliance with all provisions of the Master Indenture pertaining to a Member of the Obligated Group.

Section 3.02. The Corporation and Park Court Limited each hereby agree with the Master Trustee that the Corporation shall, upon the execution and delivery of this Supplemental Indenture, become and be obligated with respect to the payment of all Obligations heretofore or hereafter issued and at any time Outstanding and that such Obligations shall be paid in accordance with the terms thereof, and of the Master Indenture, when due.

Section 3.03. The Corporation and Park Court Limited each hereby covenant the prior to the execution and delivery of this Supplemental Indenture that they shall provide for:

(a) Delivery to the Master Trustee of an opinion of Independent Counsel (as defined in the Master Indenture) acceptable to the Master Trustee, to the effect that all requirements and conditions to the issuance of the Obligations have been complied with and satisfied; and

(b) Delivery to the Master Trustee of an opinion of Independent Counsel (as defined in the Master Indenture) 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, if such registration is required, that the Obligated Group has complied with all applicable provisions of the Illinois Health Facilities Act, as such may be amended from time to time.

[Remainder of this page intentionally left blank]

ARTICLE IV MISCELLANEOUS

Section 4.01. All the terms and conditions of this Supplemental Indenture shall be and are deemed to be part of the terms and conditions of the Master Indenture.

Section 4.02. If the Corporation delivers to the Lessor cash and/or Defeasance Obligations (as defined in the Master Lease Agreement) sufficient for the payment of the principal of and any premium and interest on all outstanding Series 2007A Obligations and otherwise complies with the requirements of the Master Lease Agreement for the release and discharge of the Master Lease Agreement, and the Corporation shall pay or cause to be paid all other sums payable under this Supplemental Indenture, then this Supplemental Indenture shall cease to be of further effect and the Series 2007A Note shall be deemed paid and discharged. The Lessor, on the demand of the Corporation, and at the cost and expense of the Corporation, shall execute proper instruments acknowledging satisfaction and discharge of this Supplemental Indenture and the Series 2007A Note.

Section 4.03. Except as provided for herein, this Supplemental Indenture shall remain in full force and effect from the date of execution hereof until all payments required to be made under the Series 2007A Note have been made and no Series 2007A Obligations are outstanding.

Section 4.04. If any provision of this Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

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

Section 4.05. This Supplemental Indenture shall be governed by and construed in accordance with the laws of Illinois.

Section 4.06. All the covenants, stipulations, promises and agreements in this Supplemental Indenture contained by or on behalf of the Corporation or the Trustee shall inure, subject to the provisions hereof, to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

IN WITNESS WHEREOF, the Corporation and Park Court Limited have each caused this Supplemental Indenture to be duly executed in its name and on its behalf by its duly authorized officer, respectively; and the Master Trustee, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be executed in its name by its duly authorized officer all as of the _____ day of June, 2007.

PEKIN MEMORIAL HOSPITAL

By: _____

Name:

Title: **[President]**

PARK COURT LIMITED

By: _____

Name:

Title:

Accepted: June ____, 2007

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

By: _____

Name:

Title:

This instrument prepared by

*Peck, Shaffer & Williams LLP
201 East Fifth Street, Suite 900
Cincinnati, Ohio 45202*

EXHIBIT A

ESCROW AGREEMENT

by and between

FIFTH THIRD BANK
(Escrow Agent)

and

PEKIN MEMORIAL HOSPITAL
(Sublessee)

DATED AS OF JUNE 1, 2007

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement" herein), made and entered into as of June 1, 2007, by and between **FIFTH THIRD BANK**, a Michigan banking corporation authorized to transact business in the State of Illinois (the "Escrow Agent"), whose address is 222 S. Riverside Plaza, Maildrop: GRVR2D, Chicago, IL 60606 and **PEKIN MEMORIAL HOSPITAL** (the "Sublessee"), a non-profit corporation organized and existing under the laws of the State of Illinois, whose address is 600 South 13th Street, Pekin, Illinois 61554:

WITNESSETH THAT, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

SECTION 1. Recitals.

1.01. Fifth Third Bank, as Lessor, the City of Pekin, Illinois, as Lessee, and Sublessee have entered into a Master Lease-Purchase and Sublease-Purchase Agreement dated as of June 1, 2007 (the "Lease") by and among the Lessor, the Sublessee and the Lessee, and the Agreement of Lease dated as of June 1, 2007 by and between the Sublessee and the Lessor (the "Agreement of Lease") whereby Lessor has agreed to finance and refinance certain real and personal property described in the Lease and the Agreement of Lease (the "Project") and the Sublessee owns the real property on which the Project exists and has agreed to lease the real property portion of the Project to the Lessor and the Lessor has agreed to lease the Project to the Lessee and the Lessee has agreed to sublease the Project to Sublessee, in the manner and on the terms set forth in the Lease.

1.02. This Agreement is not intended to alter or change in any way the rights and obligations of Lessor, Lessee and Sublessee under the Lease, but is entirely supplemental thereto.

1.03. The terms capitalized in this Agreement but not defined herein shall have the meanings given to them in the Lease.

1.04. Upon the execution of this Agreement and the delivery of the legal opinion by Sublessee attached as Exhibit E to the Lease, Lessor shall deposit or cause to be deposited with the Escrow Agent the sum of \$6,044,029, which is required to be credited to the Acquisition Fund established pursuant to Section 2 hereof and used to refinance costs of the Project, including costs of issuance in an amount not to exceed \$120,880.58, as hereinafter provided.

1.05. Under the Lease, Sublessee has caused the Project to be acquired, constructed, equipped, improved and installed by the terms of a construction contract (as provided for in the Construction Disbursement and Monitoring Agreement, dated as of June 1, 2007 (the "Construction Monitoring Agreement") or vendors therefor. A portion of the costs of the Project (a portion of which may be evidenced by prior taxable loans and/or lines of credit of the Sublessee) paid to the contractors, subcontractors or vendors supplying goods and services for the Project shall be currently refunded within ninety days from the effective date of this Agreement from the amount deposited with the Escrow Agent as described in Section 1.04 hereof, in accordance with this Agreement.

1.06. Sublessee agrees to employ the Escrow Agent to receive, hold, invest and disburse the moneys to be paid to the Escrow Agent as described in Section 1.04, as hereinafter provided; however, the Escrow Agent shall not be obligated to assume or perform any obligation of Sublessee, or any contractor, subcontractor or vendor with respect thereto or under the Lease by reason of anything contained in this Agreement.

1.07. Each of the parties has authority to enter into this Agreement, and has taken all actions necessary to authorize the execution of this Agreement by the officers whose signatures are affixed hereto.

SECTION 2. Acquisition Fund.

2.01. The Escrow Agent shall establish a special escrow fund designated as the "Acquisition Fund", shall keep such Fund separate and apart from all other funds and moneys held by it, and shall administer such Fund as provided in this Section and Section 3 hereof.

2.02. All moneys paid to the Escrow Agent pursuant to Section 1.04 of this Agreement shall be credited to the Acquisition Fund. The Escrow Agent shall use the moneys in the Acquisition Fund to finance and refinance the cost of the Project (as evidenced by prior taxable loans and/or lines of credit of the Sublessee) pursuant to the Lease. Any relevant prior loans and/or lines of credit (as identified in *Exhibit C* hereto), in whole or in part, shall be currently refunded within ninety (90) days of the issuance date of the lease obligations issued pursuant to the Lease. With respect to any proceeds that are not used to refund the prior loans or lines of credit ("Non-refunding Proceeds"), the Escrow Agent shall request receipt with respect thereto of a Request for Advance attached hereto as *Exhibit A*, executed by Sublessee, fully completed and with all supporting documents described therein attached thereto, all subject to the provisions of the Construction Monitoring Agreement. The Sublessee may use an amount not to exceed \$120,880.58 from the Acquisition Fund to pay for costs of issuance in connection with the execution and delivery of the Lease. With respect to any Non-refunding Proceeds, upon receipt of a Request for Advance with respect to payment of any costs of the Project or costs of issuance, an amount equal to the cost of the goods and services provided as shown therein shall be paid directly to the Sublessee as a Project amount previously paid by the Sublessee.

2.03. If requested by the Escrow Agent, Sublessee shall furnish to the Escrow Agent, as soon as available, a copy of the order for all Project costs pursuant to the Lease, showing the cost of the various components of the Project and the estimated delivery date, all pursuant to the provisions of the Construction Monitoring Agreement.

2.04. The Escrow Agent shall only be responsible for the safekeeping and investment of the moneys held in the Acquisition Fund, and the disbursement thereof in accordance with this Section and the provisions of the Construction Monitoring Agreement, and shall not be responsible for the authenticity or accuracy of such certifications or documents, the application of amounts paid pursuant to such certifications by the persons or entities to which they are paid, or the sufficiency of the moneys credited to the Acquisition Fund to make the payments herein required.

SECTION 3. Moneys in Acquisition Fund; Investment.

3.01. The moneys and investments held by the Escrow Agent under this Agreement are irrevocably held in trust for the benefit of Sublessee, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Agreement.

3.02. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent at the direction of Sublessee. Such investments shall be registered or held in the name of the Escrow Agent and held by the Escrow Agent. With the approval of Sublessee, the Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available.

3.03. The Escrow Agent shall, without further direction from Sublessee, sell such investments as and when required to make any payment from the Acquisition Fund. Any income received on such investments shall be credited to the Acquisition Fund.

3.04. The Escrow Agent shall furnish to Sublessee an accounting of all investments. The Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Section.

SECTION 4. Escrow Agent's Authority; Indemnification.

4.01. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

4.02. Unless the Escrow Agent is guilty of negligence or willful misconduct with regard to its duties hereunder, Sublessee, hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

4.03. If Sublessee, Lessee or Lessor shall be in disagreement about the interpretation of the Lease, the Agreement of Lease, this Agreement or the Construction Monitoring Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement.

4.04. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent

shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or willful misconduct.

SECTION 5. Agent's Compensation.

Sublessee hereby agrees to pay the Escrow Agent \$1,000.00 as compensation for the services to be rendered hereunder.

SECTION 6. Change of Escrow Agent.

6.01. A national banking association or a state bank qualified as a depository of public funds, may be substituted to act as Escrow Agent under this Agreement, upon agreement of the parties hereto. Such substitution shall not be deemed to affect the rights or obligations of the parties. Upon any such substitution, the Escrow Agent agrees to assign to such substitute Escrow Agent its rights under this Agreement.

6.02. The Escrow Agent or any successor may at any time resign by giving mailed notice to Sublessee, Lessee and Lessor of its intention to resign and of the proposed date of resignation, which shall be a date not less than thirty (30) days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by Sublessee and Lessor.

6.03. The Escrow Agent may appoint an agent to exercise any of the powers, rights or remedies granted to the Escrow Agent under this Agreement, and to hold title to property or to take any other action which may be desirable or necessary.

SECTION 7. Administrative Provisions.

7.01. The Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Agreement, which shall be available for inspection by Sublessee, Lessee or Lessor, or the agent of either of them, at any time during regular business hours.

7.02. All written notices to be given under this Agreement shall be given by mail to the party entitled thereto at its address set forth in the attached ***Exhibit B***, or at such address as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered form, with postage fully prepaid.

7.03. This Agreement shall be construed and governed in accordance with the laws of the State of Illinois.

7.04. Any provision of this Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Agreement.

7.05. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any

person or entity to whom Lessor has assigned its right to receive Rental Payments under the Lease.

7.06. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

7.07. This Agreement shall terminate upon disbursement by the Escrow Agent of all moneys held by it hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of June 1, 2007.

FIFTH THIRD BANK,
Escrow Agent

By: _____
Name:
Title:

PEKIN MEMORIAL HOSPITAL, Sublessee

By: _____
Name:
Title:

ACKNOWLEDGED:

CITY OF PEKIN, ILLINOIS, Lessee

By: _____
Name:
Title:

EXHIBIT A

REQUEST FOR ADVANCE

See Exhibit A of the Constriction Disbursement
and Monitoring Agreement dated as of June 1, 2007

EXHIBIT B

Lessor: Fifth Third Bank
222 S. Riverside Plaza, GRVR2D
Chicago, IL 60606

Lessee: City of Pekin, Illinois
111 South Capitol Street
Pekin, Illinois 61554

Sublessee: Pekin Memorial Hospital
600 South 13th Street
Pekin, IL 61554

EXHIBIT C

**TAXABLE FINANCINGS TO BE CURRENTLY REFUNDED
WITH THE PROCEEDS OF THE LEASE OBLIGATIONS
ISSUED PURSUANT TO THE LEASE (IN WHOLE OR IN PART)**

AGREEMENT OF LEASE

By and Between

PEKIN MEMORIAL HOSPITAL

And

FIFTH THIRD BANK

DATED AS OF JUNE 1, 2007

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, dated as of June 1, 2007 (the "Agreement of Lease", which term sometimes is referred to in this document by use of such words as "hereto," "hereby," "herein," "hereof," "herewith" and "hereunder" or other descriptive words or phrases having similar import), by and between **PEKIN MEMORIAL HOSPITAL**, a nonprofit corporation organized or validly existing under the laws of the State of Illinois (the "Corporation"), as Lessor and **FIFTH THIRD BANK**, a Michigan banking corporation authorized to transact business in the State of Illinois (the "Bank"), as Lessee.

WITNESSETH:

WHEREAS, the Corporation is a nonprofit corporation organized and validly existing under the laws of the State of Illinois; and

WHEREAS, the Bank is a Michigan banking corporation, authorized to transact business in the State of Illinois and in good standing under the laws of the State of Illinois, and which has authority to own facilities for lease to the Corporation; and

WHEREAS, the Corporation desires to lease to the Bank its interest in real property, hereinafter described, together with improvements and other tenements, hereditaments and appurtenant facilities and equipment, now or hereafter located thereon or appurtenant thereto (the "Project" described on *Exhibit A* attached hereto) and the Bank shall lease the Project to the City of Pekin, Illinois, (the "City") for sublease to the Corporation (pursuant to the Master Lease Agreement as defined below) for a term the date of delivery hereof and ending **[June 30, 2018]**; subject to extension or termination as herein provided and as provided in the Master Lease Agreement; and

WHEREAS, the Corporation has determined to finance the Project by entering into a Master Lease-Purchase and Sublease-Purchase Agreement dated as of June 1, 2007 by and among the Corporation, the Bank and the City of Pekin, Illinois (the "Master Lease Agreement");

NOW, THEREFORE, in consideration of the agreements, conditions and covenants herein contained and to be observed at all times during the term hereof, the parties hereto, each intending to be legally bound, covenant and agree as follows:

1. The Corporation hereby does lease to the Bank its interest in the Project, upon terms and conditions set forth herein.

TO HAVE AND TO HOLD the same unto the Bank, as Lessee, for a term beginning on the date of delivery hereof and ending **[June 30, 2018]**, unless extended or sooner terminated in accordance with the terms hereof.

2. The Bank shall pay to the Corporation or its assigns, as rental for the Project, a total sum of ONE DOLLAR (\$1) and other valuable consideration, the receipt of which is hereby acknowledged.

3. The Bank shall have the right, during the term hereof, to lease the Project to the City to sublease to the Corporation, pursuant to the Master Lease Agreement; and it is contemplated that such Master Lease Agreement shall be entered into concurrently with the delivery of this Agreement of Lease.

4. It is specifically agreed by the Corporation and the Bank that the Bank shall lease the Project, as is herein specifically provided and contemplated, and that: (a) the leasehold interest herein granted to the Bank by the Corporation shall be independent of the Master Lease Agreement; (b) such Master Lease Agreement shall not be an assignment or surrender of the leasehold interest herein granted to the Bank; (c) such Master Lease Agreement shall not operate as a merger or extinguishment of the leasehold interest herein granted to the Bank; (d) this Agreement of Lease and such Master Lease Agreement shall not constitute "wash-out" or "mutual" leases; and (e) should such Master Lease Agreement terminate by its express terms, i.e., by default of the Corporation, as lessee, or otherwise, this Agreement of Lease, and the interest herein granted by the Corporation to the Bank shall remain in full force and effect until terminated by the express terms hereof.

5. The Corporation and the Bank agree that they may not transfer or permit the transfer of the Project, or any interest therein or part thereof to any person or party except in accordance with the terms of the Master Lease Agreement during the term of this Agreement of Lease, as extended from time to time ("transfer", without intending to limit the generality of the foregoing, shall, at any given time, include grant, convey, mortgage, encumber, pledge, hypothecate, lease or sublease release, quitclaim, assign and sell and shall embrace the creation of an easement, servitude or license, the passage or creation of title, the passage or creation of any interest, the creation of any lien or judgment of record against the Project, or any disposition thereof or any interest therein or part thereof, whether voluntary or involuntary or by operation of law).

6. The Corporation may cause this Agreement of Lease to be cancelled and terminated by paying to the Bank, its successors or its assigns, pursuant to Article XI of the Master Lease Agreement, amounts as referred therein.

7. Matters of damage or destruction of the Project shall be governed by Article IX of the Master Lease Agreement.

8. The Corporation may from time to time during the term of this Agreement of Lease grant easements, licenses, rights of way or use, party wall rights, rights of lateral support, and other rights and privileges in the nature of easements with respect to the Project and may similarly release or terminate existing easements, licenses, rights of way or use, party wall rights, rights of lateral support, and other rights and privileges in the nature of easements.

9. Except for the subleasing of the Project to the City pursuant to the Master Lease Agreement, the Bank has not and will not, in whole or in part, assign, sublease, hypothecate or otherwise create any other interest in, or dispose of or cause or permit, except as permitted by the Agreement of Lease and the Master Lease Agreement, any lien, claim or encumbrance to be placed against, the leasehold estate acquired by the Bank pursuant to this Agreement of Lease.

10. The Corporation reserves the right, from time to time, to amend this Agreement of Lease to effect the release and removal of, the substitution for or the addition to any part of interest in, the Project from this Agreement of Lease.

11. The Bank, on the last day of the term hereby granted, as extended from time to time, or upon prior termination hereof in accordance with express terms hereof, shall surrender to the Corporation the Project, together with all buildings and improvements thereon, but without any liability whatsoever on the part of the Bank for the then existing condition and state of repair of any such property.

12. It is agreed that the term of this Agreement of Lease shall be automatically extended for such time as the Master Lease Agreement is extended in accordance with its terms.

The Corporation and the Bank shall enter into such written instrument or instruments which is or are necessary to memorialize and carry out the effect and intent of this Agreement of Lease.

13. The parties hereto, from time to time may enter into any amendments hereto (which thereafter shall form a part hereof) as shall be consistent with the terms of the Master Lease Agreement.

14. In the event any provision hereof shall be held to be invalid, such invalidity shall not affect any other provision hereof, and remaining provisions hereof shall be construed and enforced as if such invalid provision had not been contained herein.

15. The terms and provisions hereof shall be binding upon the parties hereto and their successors and assigns. It is the intention of the parties to be legally bound by this Agreement of Lease.

IN WITNESS WHEREOF, Pekin Memorial Hospital has caused this Agreement of Lease to be executed in its name and on its behalf by its _____ and Fifth Third Bank has caused this Agreement of Lease to be executed in its name and on its behalf by its duly authorized officer, all as duly authorized; as of the ____ day of June, 2007.

FIFTH THIRD BANK
222 S. Riverside Plaza, GRVR2D
Chicago, IL 60606

By: _____
Name:
Title:

PEKIN MEMORIAL HOSPITAL
600 South 13th Street
Pekin, IL 61554

By: _____
Name:
Title:

This instrument prepared by:
Bradley N. Ruwe
Attorney at Law
Peck, Shaffer & Williams LLP
201 E. Fifth Street
Cincinnati, Illinois 45202

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of June, 2007, before me, a notary public in and for the county and state aforesaid, personally appeared _____, to me known and known to me to be an authorized officer of Fifth Third Bank, the above-described bank, and to me known to be the person who executed the foregoing instrument, and acknowledged to me the execution thereof to be his free act and deed and the free act and deed of said bank for the uses and purposes therein mentioned, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said bank as such officer; that the same is his free act and deed as such officer, and the free act and deed of said bank; and that he was duly authorized thereunto by its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of _____

My commission expires _____

STATE OF ILLINOIS)
) SS:
COUNTY OF _____)

On this ____ day of June, 2007, before me, a notary public in and for the County and state aforesaid, personally appeared _____, to me known and known to me to be the _____ of Pekin Memorial Hospital to me known to be the person who executed the foregoing instrument, and acknowledged the execution thereof to be his free act and deed and the free act and deed of said Corporation, for the uses and purposes therein mentioned, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said Corporation as such officer; that the same is his free act and deed as such officer, and the free act and deed of said Corporation; and that he was duly authorized thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public, State of Illinois

My commission expires _____

EXHIBIT A
PROJECT DESCRIPTION

Acquiring, constructing, equipping, improving and installing (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital (collectively, the "Project"), all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554.

EXHIBIT A-1
PROJECT SITE

Pekin Memorial Hospital
600 South 13th Street
Pekin, IL 61554

and

1300 Park Avenue
Pekin, IL 61554

CONSTRUCTION DISBURSEMENT AND MONITORING AGREEMENT

This Construction Disbursement and Monitoring Agreement (this "**Agreement**") is entered into as of June 1, 2007 by and among **PEKIN MEMORIAL HOSPITAL**, an Illinois non-profit corporation ("**Hospital**"), **FIFTH THIRD BANK**, as Escrow Agent (the "**Escrow Agent**") and **FIFTH THIRD BANK**, a Michigan banking corporation authorized to transact business in the State of Illinois (the "**Bank**").

RECITALS:

WHEREAS, the Hospital, the Bank and the City of Pekin, Illinois have entered into a Master Lease-Purchase and Sublease-Purchase Agreement, dated as of June 1, 2007 (the "**Master Lease Agreement**") whereby the City of Pekin, Illinois shall issue lease obligations for the benefit of the Hospital; and

WHEREAS, proceeds from the lease obligations issued pursuant to the Master Lease Agreement shall be deposited into the acquisition fund (the "**Acquisition Fund**"), which fund shall be created under the provisions of the Escrow Agreement by and between the Escrow Agent and the Hospital, dated as of June 1, 2007 (the "**Escrow Agreement**"); and

WHEREAS, the Escrow Agent shall be the custodian of the Acquisition Fund under the Escrow Agreement; and

WHEREAS, Hospital intends to use the proceeds of the lease obligations issued pursuant to the Master Lease Agreement to finance the acquisition, construction, equipping, improving and installation of: (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital (collectively, the "**Project**"), all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554; and

WHEREAS, the Hospital, the Bank and the Escrow Agent desire to set out their understanding with respect to the construction of the Project and the disbursement of moneys therefore;

Now, Therefore, in consideration of the mutual terms and conditions contained herein and in the Master Lease Agreement and related documents, Ten and No/100 Dollars (\$10.00) and other good and valuable consideration the receipt of which is hereby acknowledged, the Hospital, the Bank and the Escrow Agent agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Incorporation and Definitions.

All capitalized terms used herein, but not otherwise defined herein, shall have the meanings assigned thereto in the Master Lease Agreement. Additionally, the following terms shall have the meanings assigned below:

"Acquisition Fund" means the Acquisition Fund created under the Escrow Agreement, in which the proceeds of the Lease Obligations shall be deposited. The Escrow Agent shall be custodian of the Acquisition Fund.

"Agreement of Lease" means the Agreement of Lease, dated as of June 1, 2007, by and between the Hospital and the Bank.

"Completion Date" means _____, 200__.

"Contractor" means [the contractor or contractors to be selected by the Hospital in connection with the Project – alternatively - NAME OF CONTRACTOR].

"Construction Contract" means the Contract and the subcontracts.

"Construction Schedule" means the schedule for the completion of the Project attached hereto as *Exhibit D*, attached hereto.

"Contract" means the Construction Contract between Hospital and the Contractor, as the same may be amended, supplemented or otherwise modified from time to time.

"Escrow Agent" means Fifth Third Bank (or its successor and assigns), as custodian of the Acquisition Fund in the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, dated as of June 1, 2007 by and between Fifth Third Bank and the Hospital.

"Foundation Work" means all foundations of the Project and any other subsurface work which constitutes part of the Project.

"Lease Obligations" means the lease obligations issued pursuant to Schedule No. 1 under the Master Lease Agreement.

"Master Trust Indenture" means the Hospital Master Trust Indenture, dated as of July 1, 1993.

"Plans and Specifications" means detailed plans and specifications for the construction of the Project which are identified in *Exhibit B* hereto including any shop or field drawings made in furtherance thereof, together with any changes made therein which are permitted under the terms of this Agreement.

"Premises" means the Project Property and the Project.

"Project" means acquisition, construction, equipping, improving and installation of: (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital, all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554.

"Project Budget" means the Project Budget attached hereto as *Exhibit C*.

"Project Property" means the real property on which the Project is located.

"Request for Advance" means a written request, in the form set forth in *Exhibit A* hereto, for the disbursement of funds in the Acquisition Fund created under the Escrow Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties.

To induce the Bank to execute and perform this Agreement and the Master Lease Agreement, the Hospital represents, covenants and warrants as follows:

(a) No condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor) exists which could adversely affect the validity or priority of the liens and security interests granted to the Bank under the Master Lease Agreement or the Agreement of Lease, which could adversely affect the ability of Hospital to complete the Project, which could materially adversely affect the ability of Hospital to perform its obligations thereunder, which would constitute an event of default under either the Master Lease Agreement or the Agreement of Lease or which would constitute an event of default under the Master Lease Agreement or the Agreement of Lease with the giving of notice or lapse of time or both;

(b) The Project Property, the present use and occupancy of the Project Property, the Plans and Specifications, the construction of the Project pursuant to the Plans and Specifications and the use and occupancy of the Premises when the Project is completed will not violate or conflict with any applicable law, statute, ordinance, rule, regulation or order of any kind, including, without limitation, environmental laws, zoning, building, land use, noise abatement, occupational health and safety or other laws, any building permit or any condition, grant, easement, covenant, condition or restriction, whether recorded or not;

(c) Except as disclosed by any environmental report delivered to the Bank (if any), (i) the Project Property has not been used, and the Premises will not be used, for any activities which, directly or indirectly, involve the use, generation, treatment, storage, transportation or disposal of any hazardous substances, (ii) the Premises and its existing and prior uses have at all times materially complied with and will materially comply with all environmental laws, and the Hospital has not materially violated, and will not materially violate, any environmental law, and (iii) there are no facilities on the Premises which are subject to reporting under Section 312 of the Federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §11022), and federal regulations promulgated thereunder. Except as disclosed by any environmental report delivered to the Bank (if any), the Premises do not contain any underground storage tanks;

(d) This Agreement and any budgets, schedules, opinions, certificates, Contractor's statements, applications, affidavits, agreements, the Construction Contract, and other materials submitted to the Bank in connection with or in furtherance of this Agreement by or on behalf of Hospital fully and fairly state the matters with which they purport to deal, and neither misstate any material fact nor, separately or in the aggregate, fail to state any material fact necessary to make the statements made not misleading;

(e) Subject only to payment of fees reflected in the Project Budget, as set forth in **Exhibit C** hereto, all utility and municipal services required for the construction, occupancy and operation of the Premises, including but not limited to, water supply, storm and sanitary sewage disposal systems, gas, electric and telephone facilities are available for use and tap-on at the boundaries of the Project Property, and accounts have been (or shall be) opened and service initiated from the applicable utility companies or municipalities that connect the Project into each of said services;

(f) All governmental permits and licenses, all utility, parking, access (including curb-cuts and highway access), construction, recreational and other permits and easements required for the construction and use of the Premises including building permits issued by the appropriate governmental authority authorizing construction of the Project in accordance with the Plans and Specifications and including tap-on permits required by applicable law to construct, occupy and operate the Premises ("**Permits**") have been or to the knowledge of the Contractor will be obtained in a timely manner in order for the Project to be completed by the Completion Date. Hospital has paid and will pay all fees for Permits as the same become due and payable;

(g) To the extent applicable, any storm and sanitary sewage disposal system, water system and all mechanical systems of the Premises do (or when constructed will) comply with all applicable laws, statutes, ordinances, rules and regulations, including, without limitation, all environmental laws. The applicable environmental protection agency, pollution control board and/or other governmental agencies having jurisdiction of the Premises have issued or will issue in a timely manner their permits for the construction, tap-on and operation of those systems;

(h) When completed in accordance with the Plans and Specifications, the Project will not encroach upon any building line, set back line, side yard line, or any recorded or visible easement (or other easement of which the Hospital is aware or has reason to believe may exist) which exists with respect to the Premises;

(i) The Plans and Specifications contain all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for the intended use thereof; the Plans and Specifications have been submitted to and approved by the Bank (or will be submitted to the Bank for approval as soon as they become available); and

(j) In the aggregate, the Construction Contract covers (or will cover) all labor, material and equipment required by the Plans and Specifications or necessary to complete the Project, excepting only the labor, material and equipment to be provided pursuant to the remaining subcontracts.

Section 2.2. Continuation of Representations and Warranties.

The Hospital hereby covenants, warrants and agrees that the representations and warranties made in Section 2.1 hereof are now and shall remain true and correct at all times hereafter so long as any Lease Obligations remain outstanding under the Master Lease Agreement. Each Request for Advance (as hereinafter defined) shall constitute a reaffirmation

that these representations and warranties are true as of the date of such Request for Advance and will be true on the date of the advance.

ARTICLE III

DISBURSEMENTS

Section 3.1. Conditions Precedent to Disbursement.

No disbursements from the Acquisition Fund shall be made without the written authorization of the Bank pursuant hereto and unless:

(a) all conditions precedent to that disbursement have been satisfied, including, without limitation, performance of all of the then pending obligations of the Hospital under this Agreement and the Lease Agreement;

(b) the Bank shall be satisfied as to the continuing accuracy of the Project Budget;

(c) no default or event of default has occurred under this Agreement or under the Master Lease Agreement or the Agreement of Lease, and no event, circumstance or condition has occurred or exists which, with the passage of time or the giving of notice or both, would constitute an event of default under this Agreement or under the Master Lease Agreement or the Agreement of Lease;

(d) no litigation or proceedings are pending or threatened (including proceedings under Title 11 of the United States Code) against the Hospital, the Project or the Contractor (or will be pending or threatened against the Contractor when engaged), which litigation or proceedings, in the sole and exclusive judgment of the Bank, is material (or which, in the case of the Contractor, could materially affect the completion of the Project);

(e) no event, circumstance or condition exists or has occurred which could, in the Bank's judgment, delay or prevent the completion of the Project by the Completion Date;

(f) all representations and warranties made by Hospital to the Bank herein and otherwise in connection herewith continue to be accurate;

(g) the Bank shall have received evidence satisfactory to it that all proceeds disbursed to date have been applied to payment of costs of the Project;

(h) the Bank shall have received evidence satisfactory to it that the Project is being constructed in accordance with the Plans and Specifications and with applicable law;

(i) the Bank shall have received information satisfactory to it that the Construction Contract is in full force and effect;

(j) the Bank shall have received information satisfactory to it that the Project is being completed in accordance with the Construction Schedule;

(k) Any disbursement must be made for payment of a specified cost of the Project in accordance with the Project Budget. No amendment of the Project Budget shall be made without the Bank's prior written consent, which shall not be unreasonably withheld. No reallocation of line items within the Project Budget shall be made unless Hospital can demonstrate to the Bank's reasonable satisfaction that (i) sufficient funds remain in the line item from which the amount is to be reallocated to pay all costs of the Project which may be paid from that line item; and (ii) no changes to other line items in the Project Budget (other than the line item to which the reallocation is sought) are required, in the Bank's judgment.

ARTICLE IV

CONSTRUCTION PAYOUTS

Section 4.1. Documentation for Disbursements.

As a condition precedent to each disbursement other than to pay costs of issuance for the Lease Obligations, Hospital shall furnish or cause to be furnished to the Bank (or to the Bank's agent, as directed by the Bank) at least [ten (10) business days] before the disbursement, the following documents or performances, as the case may be, covering each disbursement:

(a) Hospital's disbursement request ("**Request for Advance**") in the form attached hereto as ***Exhibit A*** specifying the amount of the requested disbursement, and certifying to the Bank, the matters set forth in ***Exhibit A*** and subject to the approval by the Bank in its sole discretion;

(b) Contractor's sworn statements and waivers of lien, covering all work for which disbursement is to be made to a date specified therein, and covering all work, to a reasonably current date, otherwise paid for or to be paid for by Hospital in compliance with applicable mechanics' lien laws and with the requirements of the Bank, together with invoices, contracts, or other supporting data that the Bank may reasonably require;

(c) Subcontractors' sworn statements and waivers of lien, covering all work and amounts previously disbursed through the date of the previous Request for Advance in compliance with applicable mechanics' lien laws and with the requirements of the Bank, together with invoices, contracts, or other supporting data that the Bank may reasonably require;

(d) If requested by the Bank, disclaimers from suppliers of fixtures and equipment of any vendor's lien or purchase money security interest therein and evidence satisfactory to the Bank that all fixtures and equipment are and will remain free of security interests of all kinds other than security interests of the Bank;

(e) No disbursement in excess of \$25,000 (or when disbursements of \$25,000 or less are aggregated and exceed \$100,000) for materials purchased by the Hospital, but not yet installed or incorporated into the Premises, shall be made without the Bank's prior approval of the conditions under which the materials are purchased and stored. In no event shall any disbursement be made unless the materials involved have been delivered to the Premises or stored with a bonded and insured warehouseman, with satisfactory evidence that the materials purchased are insured and are suitably and securely stored. Hospital shall provide the Bank, in connection with the materials, a copy of a bill of sale or other evidence of title in Hospital, together with a copy of UCC searches against Hospital and the warehousemen, if applicable, indicating no liens or claims that may affect the materials;

(f) An updated Construction Schedule, including a statement from the Contractor that, in its best professional judgment, the Construction Schedule, as updated,

is realistic and can be adhered to in completing the Project in accordance with the Plans and Specifications; and

(g) Evidence satisfactory to the Bank of the following:

(i) Hospital shall provide evidence that all proceeds of the Lease Obligations disbursed to date have been applied to payment of costs of the Project;

(ii) Hospital shall provide evidence that the Project is being constructed in accordance with the Plans and Specifications and with applicable law;

(iii) Hospital shall provide evidence that the Construction Contract is in full force and effect;

(iv) Hospital shall provide evidence that the Project is being completed in accordance with the Construction Schedule; and

(v) If the Foundation Work of the Project is completed, the Bank shall have received and approved the documents described in Section 4.2 hereof.

Section 4.2. Foundation Work.

In connection with any Foundation Work, the Hospital shall promptly deliver to the Bank the materials specified below:

(a) a currently dated copy of the survey showing all foundations of the Project in place and showing the location of any other subsurface work completed as of that date which constitutes part of the Project (the foundations and such subsurface work are referred to herein as "Foundation Work") and showing no encroachments of the Foundation Work over any easements or lot lines and showing no violations of any building lines; and

(b) a certificate from the Contractor stating that the Foundation Work and all other work in place conforms to the Plans and Specifications and identifying any portion of the Project consisting of subsurface work which has not yet been completed.

Section 4.3. Bank's Verification of Contracts.

From time to time, the Bank may forward to the Contractor and any or all subcontractors listed on an owner's sworn statement, a contract verification to confirm the terms and amount of the Contract or subcontract for the Contractor and each subcontractor. If there is any discrepancy between the terms and amounts as shown by the Construction Contract, the sworn statements, and the verifications, the Bank may require, as a condition to further disbursements, that such discrepancies be eliminated to its satisfaction.

Section 4.4. Disbursement by Escrow Agent.

The Escrow Agent shall disburse moneys in the Acquisition Fund upon receipt of each Request for Advance, which has been approved in writing by the Bank. Such Requests for Advance shall be submitted to the Escrow Agent not less than **[five (5) business days]** before the date upon which the disbursement is required, and shall be submitted no more than **[one time per month]**. The Escrow Agent shall have no duty or responsibility to ensure or monitor compliance by Hospital with any of Hospital's representations, warranties or covenants set out in this Agreement, the sole duty and responsibility of the Escrow Agent hereunder being to disburse moneys in compliance with this Section 4.4. Construction disbursements shall be limited to an amount equal to the percentage thereof required by the terms of the Contract or the applicable subcontract, or if not specified therein, not more than 90% of the value, exclusive of the Contractor's profit and overhead, of the materials and labor incorporated in the work from time to time.

Section 4.5. Escrow Payouts.

All disbursements by the Escrow Agent from the Acquisition Fund, at the option of the Bank exercisable at any time, may be made through a project escrow agreement with any third party under the provisions of a project escrow agreement to which said escrowee, Hospital and the Bank will be parties. Initially, the Escrow Agreement shall constitute the project escrow agreement contemplated by this section.

Section 4.6. Final Disbursement.

The Escrow Agent shall be entitled to advance to Hospital upon receipt of a Request for Advance, for payment of costs of the Project only and in accordance with the Project Budget, the full amount of the proceeds of the Lease Obligations in the Acquisition Fund not theretofore disbursed ("Final Disbursement") when the following conditions shall have been complied with, provided that such compliance shall have occurred prior to the Completion Date and no event of default then exists under either the master Lease Agreement or the Agreement of Lease:

(a) The Contractor and the Hospital certify in writing to the Bank and the Escrow Agent that the Project has been fully and satisfactorily completed in accordance with the Plans and Specifications (the Contractor's certification may be waived by the Bank and the Escrow Agent);

(b) All subcontractors and the Contractor have supplied the Bank and the Escrow Agent with final sworn statements and full and complete waivers of all mechanics' lien claims;

(c) Hospital shall have furnished the Bank and the Escrow Agent a final certificate of occupancy and all other governmental licenses and permits required to use, occupy and operate the Premises as contemplated from appropriate governmental authorities;

(d) All fixtures and equipment required for the operation of the Premises shall have been installed free and clear of all liens, title retention agreements and security interests except security interests granted to the Bank or the Escrow Agent;

(e) The Bank and the Escrow Agent shall have received reports from the appropriate filing offices of the state and county in which the Premises are located, indicating that no judgments, tax or other liens, security interests, leases of personalty, financing statements or other encumbrances (other than Permitted Liens, as defined in the Hospital's Master Trust Indenture, and liens and security interests in favor of the Master Trustee under the Hospital Master Trust Indenture, the Bank or the Escrow Agent and no other party or parties), are of record or on file encumbering any portion of the Premises, and that there are no judgments or tax liens outstanding in respect to the Hospital; and

(f) All other requirements of this Agreement shall have been complied with.

Section 4.7. Acquiescence not a Waiver.

To the extent that the Bank may have acquiesced (whether intentionally or unintentionally) in Hospital's failure to comply with and satisfy any condition precedent hereunto or to any disbursement of proceeds under the Master Lease Agreement, such acquiescence shall not constitute a waiver by the Bank of any condition precedent set forth in this Agreement, and the Bank at any time thereafter may require Hospital to comply with and satisfy all conditions and requirements of this Agreement.

Section 4.8. Bank's Action for Bank's Own Protection Only.

The authority herein conferred upon the Bank and any action taken by the Bank (or its agent or agents or employees) in making inspections of the Premises, attending regularly scheduled Project meetings, procuring sworn statements and waivers of lien, approving Contracts and prime contracts and approving Plans and Specifications will be taken by the Bank (or its agent or agents or employees) for their own protection only, and neither the Bank nor its agent, agents or employees shall be deemed to have assumed any responsibility to the Hospital or any other person or entity with respect to any such action herein authorized or taken by them or with respect to the proper construction and equipping of the Project, performance of the Construction Contract or prevention of claims for mechanics' or materialmen's liens.

ARTICLE V
FURTHER AGREEMENTS

Section 5.1. Construction of Project.

The Project will be constructed in a good and workmanlike manner and in accordance with the approved Plans and Specifications and all applicable laws, ordinances and regulations. Hospital shall construct the Project with due diligence in accordance with the Construction Schedule and the Project Budget. If the Bank disapproves any portion of the construction on the Premises, Hospital shall, within thirty (30) days after the disapproval, commence to correct the condition so disapproved, and thereafter will diligently complete the correction. Hospital agrees that all materials contracted for or purchased for construction on the Premises and all labor hired or contracted for with respect to construction on the Premises will be used and employed solely on the Premises and for no other purpose. Hospital represents that construction of the Project has already commenced or will commence shortly, and that construction will continue (or once started, will continue) without delay or suspension upon the issuance of the Lease Obligations.

Section 5.2. Changes in Plans and Specifications.

No material changes (in excess of \$[50,000] per occurrence and \$[250,000] in the aggregate) will be made in the Plans and Specifications without the Bank's prior written approval and consent.

Section 5.3. Extras and Contract Changes.

No substantial extras other than those which are usual and customary shall be allowed to any Contractor or subcontractor for material change made in any Construction Contracts without the Bank's prior written approval and consent, and Hospital will furnish the Bank, promptly after execution thereof, executed copies of the Construction Contract, which were not previously furnished at the time of the initial disbursement, which shall be subject to the Bank's approval as to form and content.

Section 5.4. Inspection by Bank.

Hospital shall cooperate with the Bank in arranging for inspection by the Bank (or its agent/agents) and other representatives of the Bank of the progress of construction from time to time

IN WITNESS WHEREOF, the parties have executed this Construction Disbursement And Monitoring Agreement as of the date set forth above.

FIFTH THIRD BANK, as the Bank

By: _____
Name:
Title:

PEKIN MEMORIAL HOSPITAL,
as the Hospital

By: _____
Name:
Title:

FIFTH THIRD BANK, as the Escrow Agent

By: _____
Name:
Title:

ACKNOWLEDGED AND CONSENTED:

CITY OF PEKIN, ILLINOIS

By: _____
Name:
Title:

EXHIBIT A
REQUEST FOR ADVANCE

Number _____
Fifth Third Bank, as Escrow Agent
222 S. Riverside Plaza, GRVR2D
Chicago, IL 60606
Attention: _____

Re: Schedule No. 1 (the "Lease Obligations") to the Master Lease-Purchase and Sublease Purchase Agreement dated as of June 1, 2007

Ladies and Gentlemen:

The above-captioned Lease Obligations have been issued pursuant to the Master Lease-Purchase and Sublease-Purchase Agreement, dated as of June 1, 2007 (the "Master Lease Agreement") by and among by and among Fifth Third Bank, City of Pekin, Illinois and Pekin Memorial Hospital.

This request for disbursement is submitted to you pursuant to the Construction Disbursement and Monitoring Agreement dated as of June 1, 2007 (the "Agreement"), among yourself (as the Escrow Agent), Pekin Memorial Hospital (the "Hospital") and Fifth Third Bank (as the Bank).

You are hereby requested to make the following disbursements from the Acquisition Fund.

[(List payments to be made and name and address of payee; if for reimbursement of amounts previously paid by the Hospital, attach evidence of payment).]

In connection with such request, the Hospital certifies that:

1. The portion of the Project which has been completed: _____.

2. The estimated costs of the Project of the uncompleted portions of the Project: _____.

3. The portion of the Project to which this request pertains has been completed in a good, workmanlike manner and in accordance with the plans and specifications and in the case of machinery and equipment, the machinery and equipment covered hereby has been delivered and is in good working order.

4. There has been no default or condition or event which will with the giving of notice or passage of time, or both, constitute a default or event of default under the Master Lease Agreement or the Agreement of Lease (as defined in the Agreement).

5. The payments to be financed with this disbursement when added to such prior disbursements, if any (including disbursements to pay costs of issuance), result in at least 95% of the proceeds being used to provide property used in the related trade or business of an organization described in Section 501(c)(3) of the Code.

6. All amounts shown as previous payments on the current disbursement request have been paid to the parties entitled to the payment.

7. That all work and materials theretofore furnished for the Premises conform with the Plans and Specifications.

8. Copies of the Construction Contract, as then in effect, have been delivered to the Bank.

9. All documentation required by Sections 3.2 and 4.1(b)-(g) of the Agreement is attached hereto.

10. All representations and warranties of the Hospital contained in the Agreement and the Master Lease Agreement are true and correct as of the date hereof.

11. The Hospital has received no notice and has no knowledge of any liens or claims of lien either filed or threatened against the Project or the Project Property except the liens of the Bank and the Escrow Agent and those which are specifically identified in writing to the Bank.

12. The Hospital has approved all work and materials for which a payment is then due and for which disbursement of proceeds of the Lease Obligations is hereby or heretofore requested.

13. Upon the execution hereof by the Bank, all conditions precedent under the Master Lease Agreement and the Escrow Agreement pertaining to the disbursement of funds from the Acquisition Fund will have been satisfied.

PEKIN MEMORIAL HOSPITAL

By: _____
Name: _____
Title: _____

Date: _____

Approved:

FIFTH THIRD BANK, a Michigan banking corporation
authorized to transact business in the State of Illinois

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT B
PLANS AND SPECIFICATIONS

[On file with the Hospital]

EXHIBIT C

PROJECT BUDGET

[To be provided to the Bank upon execution of the Construction Contract]

EXHIBIT D
CONSTRUCTION SCHEDULE

**MASTER LEASE-PURCHASE
AND SUBLEASE-PURCHASE AGREEMENT**

Among

**FIFTH THIRD BANK
(LESSOR)**

**CITY OF PEKIN, ILLINOIS
(LESSEE)**

and

**PEKIN MEMORIAL HOSPITAL
(SUBLESSEE)**

DATED AS OF JUNE 1, 2007

**THIS INSTRUMENT IS INTENDED BY THE PARTIES TO CONSTITUTE A
SECURITY AGREEMENT UNDER THE ILLINOIS UNIFORM COMMERCIAL CODE**

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**MASTER LEASE-PURCHASE AND
SUBLEASE-PURCHASE AGREEMENT**

THIS MASTER LEASE-PURCHASE AND SUBLEASE-PURCHASE AGREEMENT (the "Master Lease Agreement") is dated as of June 1, 2007 and entered into between ***Fifth Third Bank*** ("Lessor"), a Michigan banking corporation authorized to transact business in the State of Illinois, the ***City of Pekin, Illinois***, a city and political subdivision of the State of Illinois ("Lessee"), and ***Pekin Memorial Hospital*** ("Sublessee") a nonprofit hospital.

WHEREAS, Lessor desires to lease the Project, as hereinafter defined, to Lessee, Lessee desires to lease the Project from Lessor and sublease the Project to Sublessee and Sublessee desires to sublease the Project from Lessee subject to the terms and conditions of and for the purpose set forth in this Master Lease Agreement; and

WHEREAS, Lessee desires to assign Rental Payments to be made by Sublessee under this Master Lease Agreement to Lessor; and

WHEREAS, Sublessee desires to assume all obligations of the Lessee arising from this Master Lease Agreement; and

WHEREAS, Lessee is authorized under the Constitution and laws of the State of Illinois (the "State") to enter into this Master Lease Agreement for the purposes and subject to the conditions set forth herein; and

WHEREAS, Sublessee is a nonprofit hospital and organized and existing under the laws of the State with full authority to enter into this transaction, subject to the conditions set forth herein; and

WHEREAS, the Lessee's obligation to make payments hereunder will not be general obligations, debt or bonded indebtedness of the Lessee or the State or any political subdivision thereof and the Lessor is not entitled to have excises or taxes levied by the Lessee or the State or any political subdivision thereof for the purposes of providing funds for the payment of the Rental Payments hereunder; and

WHEREAS, the proceeds of the lease obligations issued pursuant to this Master Lease Agreement shall be used for the purpose of, together with other available moneys (but not moneys of the Lessee), acquiring, constructing, equipping, improving and installing hospital facilities as further described on ***Exhibit F*** hereto (the "Project") for the benefit of Pekin Memorial Hospital, all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554; and

WHEREAS, the Sublessee and U.S. Bank National Association, as successor in trust (the "Master Trustee") have entered into a Master Trust Indenture, dated as of July 1, 1993 (the "Master Trust Indenture") securing, among other things, "Indebtedness" (as defined therein), as supplemented by the Fifth Supplemental Master Trust Indenture, dated as of June 1, 2007, by and between the Sublessee and the Master Trustee; and

WHEREAS, as additional security for its obligations under this Master Lease Agreement, the Sublessee shall issue its 2007A Direct Note Obligation (as defined herein) under the Master Trust Indenture to the Lessor; and

WHEREAS, the lease obligations under this Master Lease Agreement shall constitute Additional Indebtedness under the Master Trust Indenture, but shall be issued pursuant to [Section 415()] of the Master Trust Indenture, so that said lease obligations issued hereunder shall be secured equally and ratably by any and all liens granted to the Master Trustee as security for all "Obligations" (as defined therein) issued pursuant to the Master Trust Indenture; and

WHEREAS, this Master Lease Agreement shall be implemented through one or more Exhibits, each subject to separate approval by Lessor, Lessee and Sublessee, and related documents with each series of the foregoing constituting a single transaction, subject to and entered into pursuant to this Master Lease Agreement; and

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows; provided that any obligation of the Lessee created by or arising out of this Master Lease Agreement shall not be a general obligation of the Lessee, but shall be payable only out of the Trust Estate:

ARTICLE I
COVENANTS OF LESSEE AND SUBLESSEE

Section 1.01. Lessee Covenants.

Lessee represents, covenants and warrants to Lessor and Sublessee as follows:

(a) Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended, (the "Code") and will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as such.

(b) Lessee is authorized under the Constitution and laws of the State to enter into this Master Lease Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.

(c) The execution and delivery of this Master Lease Agreement by or on behalf of Lessee has been duly authorized by all necessary action of the governing body of Lessee, and Lessee has obtained such other approvals and consents as are necessary to consummate this Master Lease Agreement. Lessee further represents, covenants and warrants that all requirements have been met and procedures have been followed in order to ensure the enforceability of this Master Lease Agreement against Lessee.

(d) Lessee has complied with such public bidding requirements as may be applicable to this Master Lease Agreement and the acquisition of the Project hereunder.

Section 1.02. Sublessee Covenants.

Sublessee represents, covenants and warrants to Lessee as follows:

(a) Sublessee is and throughout the Term shall continue to be a nonprofit corporation organized and validly existing under the laws of the State of Illinois empowered to provide healthcare services.

(b) Sublessee is in possession of a determination letter from the Internal Revenue Service, which letter is currently in effect, which determines that Sublessee is an organization described in Section 501(c)(3) of the Code. The Sublessee has not received any notice of modification, limitation or revocation of such status, nor has the Sublessee received any notice that any such modification, limitation or revocation is threatened or that the Sublessee's exempt status is being investigated.

(c) The Sublessee is in compliance with all material terms, conditions and limitations contained in such determination letter and all facts and circumstances which formed the basis of such letter, as represented to the Internal Revenue Service continue to exist.

(d) Sublessee is authorized under laws of the State to enter into this Master Lease Agreement and perform all of its obligations hereunder.

(e) Sublessee will cause to be delivered an opinion of its counsel, as provided for in *Exhibit E* hereto.

(f) Sublessee seeks to finance all or a portion of the acquisition, construction, equipping, improving and installing of the Project with the proceeds of the lease obligations issued hereunder.

(g) The execution, delivery and performance of this Master Lease Agreement and transactions contemplated herein will not violate any judgment, order, law or regulation applicable to Sublessee or result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bond, loan or credit agreement or other instrument to which Sublessee is a party or by which it is bound.

(h) There are no actions, suits or proceedings pending or, to the knowledge of Sublessee, threatened against or affecting Sublessee in any court or before any governmental commission, board or authority which, if adversely determined, would have a material adverse effect on the ability of Sublessee to perform its obligations hereunder.

(i) The Sublessee is not in breach of or in default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage, lease, sublease or other agreement or instrument to which it is a party or by which it is bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default by the Sublessee, that would have a material adverse effect on the ability of the Sublessee to perform its obligations hereunder.

(j) Sublessee will promptly and duly execute and deliver to Lessor and Lessee such further documents, instruments and assurances and take such further action as Lessor and Lessee may from time to time reasonably request in order to carry out the intent and purpose of this Master Lease Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and Lessee hereunder.

Section 1.03. Effective Date.

This Master Lease Agreement shall become effective (the "Effective Date") upon the date set forth in *Exhibit A* hereto and shall remain in effect until Sublessee has paid all Rental Payments pursuant to any Schedule of Payments then in effect, and any other amounts due hereunder, subject to Section 4.02 hereof.

END OF ARTICLE I

ARTICLE II

DEFINITIONS

Section 2.01. Definitions.

The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Acquisition Schedule" means the document(s) substantially in the form attached as *Exhibits A* through *H* hereto which shall set forth the terms and provisions of Sublessee's payment obligation with respect to the Project and which shall include a commencement date and an amortization table for each separate lease and sublease of the Project governed by this Master Lease Agreement.

"Agreement of Lease" means, the Agreement of Lease, dated as of June 1, 2007, between the Lessor and the Sublessee, as the same may be amended or supplemented from time to time.

"Assignment" means the Assignment of Rights under a Master Lease Agreement, dated as of June 1, 2007, by and between the City of Pekin, Illinois and the Master Trustee.

"Bond Counsel" means a firm of attorneys acceptable to the Lessor which firm shall be nationally recognized as experienced in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Closing Date" means _____, 2007, the date when Lessor deposited the anticipated acquisition price of the Project in an escrow fund pursuant to the Escrow Agreement.

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

"Costs of Issuance" means all costs incurred in connection with the borrowing, generally those treated as Cost of Issuance under present Treasury Department regulations and rulings, and including all costs incurred in connection with the authorization, sale and issuance of the lease obligations and the transactions contemplated herein, including, but not limited to (a) counsel fees (including Bond Counsel, Lessee's special counsel, Sublessee's counsel, Lessor's Counsel, as well as any other specialized counsel fees and expenses incurred in connection with the borrowing); (b) Master Trustee fees and expenses incurred in connection with the borrowing; (c) paying agent and certifying and authenticating agent fees related to issuance of the lease obligations; (d) any costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); (e) any costs of engineering and feasibility studies necessary to the issuance of the lease obligations; and (f) issuance and/or administrative fees of the Lessee.

"Defeasance Obligations" means (a) Government Obligations, (b) Prerefunded Tax Exempt Obligations, and (c) obligations issued by or on behalf of states or political subdivisions

and described in Section 103(a) of the Code which are rated at the time of acquisition in the highest rating category by Fitch, Moody's or Standard & Poor's.

"Effective Date" means the Effective Date, as defined in Section 1.03.

"Escrow Agent" means the Fifth Third Bank, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, of even date herewith, between the Sublessee and the Escrow Agent.

"Exhibits" means the exhibits which are attached to this Master Lease Agreement. Each exhibit shall consist of the forms attached hereto as *Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E, Exhibit F, Exhibit G*, and *Exhibit H* as well as any supplemental documents deemed necessary by the Lessor and its special counsel.

"Government Obligations" means direct obligations of, or obligations guaranteed unconditionally as to full and timely payment of the principal thereof and the interest thereon by, the United States of America (including any investments in pools of such obligations) or evidences of ownership of proportionate interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated.

"Lease Price" means the price deposited by the Lessor in the Acquisition Fund established pursuant to the Escrow Agreement in connection with financing all or a portion of the Project.

"Lessee" means the City of Pekin, Illinois, by and through its city council.

"Lessor" means Fifth Third Bank, a Michigan banking corporation authorized to transact business in the State of Illinois.

"Master Lease Agreement" means this Master Lease-Purchase and Sublease-Purchase Agreement, dated as of June 1, 2007, among the Lessor, the Lessee and the Sublessee, including the exhibits attached hereto as the same may be amended or modified from time to time and accompanying documents, each of which shall constitute a complete transaction.

"Master Trust Indenture" means the Master Trust Indenture between the Sublessee and the Master Trustee, dated as of July 1, 1993.

"Master Trustee" means U.S. Bank National Association, as successor in trust, and its successors, as master trustee under the Master Trust Indenture.

"Payment Date" means the date on which a Rental Payment is due as referenced and as set forth on the Schedule of Payments.

"Permitted Encumbrances" means Permitted Encumbrances as defined in the Master Trust Indenture.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or an agency or political subdivision thereof.

"Prepayment Price Balance" means the amount as set for on the Schedule of Payments representing the Lease Price reduced by the principal component of all Rental Payments paid.

"Prerefunded Tax Exempt Obligations" means obligations, rated by Fitch, Moody's Standard & Poor's in its highest grade rating, the interest on which is excludible from the gross income of owners thereof for federal income tax purposes, provision for the payment of the principal of (and premium, if any), and interest on which shall have been made by the irrevocable deposit of at least 91 days preceding the date of determination, with a bank or trust company acting as a trustee or escrow agent for holders of such obligations, of money or Government Obligations, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money sufficient to pay when due the principal of and premium, if any, and interest on such obligations, and which money or Government Obligations are not available to satisfy any other claim.

"Project" means the real and personal property (including tangible and intangible property) and the Project Site and all buildings and improvements thereon, all as described in **Exhibit F** hereto as of the date of issuance of the lease obligations, acquired, constructed, equipped and installed on the Project Site together with any and all additions, modifications, attachments, accessories, substitutions, replacements and parts thereof.

"Project Site" means the real estate specifically described in **Exhibit G** attached hereto, together with any and all other improvements now or hereafter located thereon and all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances in and to such land or in any way appertaining thereto or in, to and under any streets, ways, alleys, vaults, gores or strips of land adjoining such land.

"Purchase Price" means (a) if on a Payment Date, the Prepayment Price Balance as of such Payment Date or (b) if on a day other than a Payment Date, the Prepayment Price Balance as of the immediately preceding Payment Date, plus accrued and unpaid interest thereon calculated on a 360-day year, 30 day month basis, plus all unpaid charges for or interest on late payments and all other amounts payable hereunder. The accrued and unpaid interest shall be calculated by applying interest at the rate utilized to establish Rental Payments against the Prepayment Price Balance for the immediately preceding Payment Date for the number of days between the immediately preceding Payment Date and the date of payment.

"Rental Payments" means the basic payments payable by Sublessee to the Lessee pursuant to the provisions of this Master Lease Agreement during the Term, and payments which are payable by Lessee to the Lessor in the amounts and on the Payment Date and as set forth on the Schedule of Payments.

"Schedule of Payments" means the document(s) substantially in the form attached as *Exhibit A* hereto which shall set forth the terms and provisions of Sublessee's payment obligation with respect to the Project and which shall include a Effective Date and an amortization table for each separate lease and sublease of the Project governed by this Master Lease Agreement.

"State" means the State of Illinois.

"Sublessee" means Pekin Memorial Hospital, a nonprofit hospital.

"Term" means the period of time with respect to each Acquisition Schedule and the related Schedule of Payments which shall begin on the related Effective Date and shall terminate as provided for in Article IV hereof.

"Transcript Documents" means the supplemental documents identified on an Acquisition Schedule that must be included as part of the transcript of proceedings.

"Trust Estate" shall have the same meaning as defined in the Master Trust Indenture, and shall include (without limitation) Unrestricted Receivables.

"2007A Direct Note Obligation" means the Direct Note Obligation, Series 2007 issued, authenticated by the Master Trustee and delivered by Pekin Memorial Hospital under the Master Trust Indenture to the Lessor.

"Unrestricted Receivables" means all accounts and assignable general intangibles now owned or hereafter acquired by the Person (as defined in the Master Trust Indenture) involved regardless of where generated, all proceeds therefrom whether cash or noncash, all as defined in Article 9 of the Uniform Commercial Code, as amended, of the state in which such Person has its primary place of business; excluding, however, gifts, grants, bequests, donations and contributions to such Person 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 Trust Indenture or on any Obligations (as defined in the Master Trust Indenture).

END OF ARTICLE II

ARTICLE III
ACQUISITION OF PROJECT

Section 3.01. Implementation of Non-Escrow Funded Transactions.

Non-escrow funded transactions entered into hereunder shall be implemented by Sublessee executing and delivering to Lessor and Lessee, upon acceptance of the Project, the Exhibits attached to this Master Lease Agreement and Transcript Documents with respect thereto.

Section 3.02. Implementation of Escrow Funded Transactions.

Escrow funded transactions entered into hereunder shall be implemented by Sublessee executing and delivering to Lessor and Lessee (a) a Schedule of Payments; (b) an Escrow Agreement; and (c) Transcript Documents with respect thereto.

Section 3.03. General.

The Exhibits attached to this Master Lease Agreement entered into hereunder shall be deemed to be a separate and distinct legal and binding obligation of Sublessee. This Master Lease Agreement shall be independently applicable to any and all additional transactions which may be entered into hereunder by Lessor, Lessee and Sublessee. The Exhibits attached to this Master Lease Agreement implemented and entered hereunder shall be subject to separate approval by Lessor, Lessee, and Sublessee.

Section 3.04. Sublessee is Agent; Acquisition of the Project.

Lessor hereby appoints the Sublessee as its agent solely for the purpose of acquiring the Project and Sublessee hereby accepts such appointment. Sublessee and Lessor will do all things necessary to effect the acquisition of the Project free and clear of any encumbrances (except Permitted Encumbrances). Lessor agrees to acquire all or a portion of the Project pursuant to the Lease Price specified by Sublessee. Sublessee agrees that the Project will be acquired in accordance with the terms, conditions and specifications therefor and on file with the Lessor.

Section 3.05. Lease and Sublease of Project.

Upon execution and delivery of the applicable Exhibits to this Master Lease Agreement and Transcript Documents by Sublessee to Lessor, Lessor shall cause the Lease Price to be paid to the Escrow Agent pursuant to the Escrow Agreement to finance the Project in the principal amount of \$6,044,029.00 and to acquire and lease the Project to Lessee, and Lessee shall lease the Project from Lessor, all in accordance with the provisions of the Agreement of Lease and this Master Lease Agreement, to have and to hold for the Term. Lessee agrees to sublease to Sublessee, and Sublessee agrees to sublease from Lessee, the Project in accordance with the provisions of the Agreement of Lease and this Agreement, to have and to hold for the Term. Furthermore, Lessee hereby pledges and assigns the Trust Estate (including, without limitation,

Unrestricted Receivables) to Lessor for the purpose of securing the payment of the Rental Payments of the Lessee hereunder.

Section 3.06. Pledge of the Trust Estate.

Pursuant to the Master Trust Indenture, the Sublessee has pledged its Trust Estate to the payment of all outstanding Obligations (as defined in the Master Trust Indenture), including the 2007A Direct Note Obligation.

END OF ARTICLE III

ARTICLE IV

TERM

Section 4.01. Agreement.

This Master Lease Agreement shall be effective as of the date of execution hereof and shall remain in effect until Sublessee has paid all Rental Payments pursuant to all Schedules of Payment then in effect and any other amounts due hereunder, subject to Section 4.02 below.

Section 4.02. Termination of Term.

A term relating to any Schedule of Payments will terminate upon the earliest of any of the following events:

- (a) the exercise by Sublessee of the option to terminate this Master Lease Agreement under the provisions of Article IX, XI or XV of this Master Lease Agreement;
- (b) a default by Sublessee and Lessor's election to terminate this Master Lease Agreement under Article XIII; or
- (c) the payment by Sublessee of all Rental Payments and all other sums required to be paid by Sublessee hereunder.

END OF ARTICLE IV

ARTICLE V
RIGHTS TO PROJECT

Section 5.01. Enjoyment of Project.

So long as Sublessee is not in default hereunder, Lessor and Lessee hereby covenant that Sublessee shall peaceably and quietly have, hold, possess, use and enjoy the Project without suit, trouble or hindrance from Lessor or Lessee, subject to the terms and provisions of the Master Trust Indenture and this Master Lease Agreement.

Section 5.02. Use of the Project.

Sublessee will not knowingly install, use, operate or maintain the Project improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Master Lease Agreement and the Agreement of Lease.

Section 5.03. Right of Inspection.

During the Term the Lessor and Lessee and their officers, employees and agents shall have the right at all reasonable times during business hours and upon reasonable notice to enter into and upon the property of the Sublessee for the purposes of inspecting the Project (except for confidential patients records) and all records pertaining to the Project except that neither the Lessor nor the Lessee shall have the right to inspect any records deemed confidential by Sublessee.

END OF ARTICLE V

ARTICLE VI

RENTAL PAYMENTS; FUNDS; APPLICATION OF PROCEEDS

Section 6.01. Rental Payments Not to Constitute a Full Faith and Credit Obligation of Lessee.

Lessee's obligation to pay Rental Payments hereunder constitutes a special, limited obligation of the Lessee, payable solely from the amounts received from the Sublessee hereunder and is not a general obligation, debt or bonded indebtedness of Lessee, the State or any political subdivision of the State, and the Lessor has no right to have excises or taxes levied by Lessee, the State or any political subdivision of the State, for payment of any obligation under this Master Lease Agreement.

Section 6.02. Payment of Rental Payments.

Sublessee shall pay Rental Payments exclusively in lawful money of the United States of America to Lessor, the assignee of the Lessee's interest herein pursuant to Section 12.02 hereof, at the address set forth and in the amounts and on the dates set forth in the Schedule of Payments.

Section 6.03. Source of Payment.

All Rental Payments and any other amounts required to be paid by Lessee pursuant to this Master Lease Agreement shall be paid only from payments required to be made by Sublessee hereunder. No provision, covenant, or agreement contained in this Master Lease Agreement or any obligation herein imposed on Lessee or Sublessee, or the breach thereof, shall constitute or give rise to or impose upon Lessee a pecuniary liability or a charge upon its general credit or taxing powers.

Section 6.04. Interest and Principal Components.

As set forth on each Schedule of Payments, a portion of each Rental Payment is paid as, and represents payment of, interest and the balance is paid as, and represents payment of, principal (if any).

Section 6.05. Rental Payments to be Unconditional.

The obligation of Sublessee to make payment of the Rental Payments required under this Article VI and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Master Lease Agreement. Sublessee shall pay all Rental Payments on the Payment Date and shall not withhold any Rental Payments or assert any right of set-off or counterclaim against its obligation to make any payments under this Agreement. Sublessee's obligation to make Rental Payments shall not be abated through accident or unforeseen circumstances.

Section 6.06. Initial Deposits and Disbursements.

On the Closing Date the Lessor out of the proceeds of the sale of the Prior Obligations deposited the sum of \$6,044,029.00 from the proceeds of the lease obligations to the Acquisition Fund, pursuant to the Escrow Agreement with the Escrow Agent for the purpose of paying the costs of the Project and Costs of Issuance in accordance with the Escrow Agreement.

ARTICLE VII

TITLE TO PROJECT; SECURITY INTEREST

Section 7.01. Title to the Project.

During the Term of the applicable Schedule of Payments, title to that portion of the Project comprising the real property shall rest in the Sublessee, subject to Permitted Encumbrances (as defined in the Master Trust Indenture) and title to that portion of the Project comprising the personal property shall rest in the Sublessee subject to any UCC filing by the Lessor. Lessor and Sublessee agree that this Master Lease Agreement or any other appropriate documents may be filed or recorded to evidence the parties respective interest in the Project.

Section 7.02. Security Interest.

Lessor and Sublessee agree that this Master Lease Agreement, the Agreement of Lease or any other appropriate documents may be filed or recorded to evidence the parties respective interests in the Project.

Section 7.03. Liens.

The Sublessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, encumbrance or claim on or with respect to the Project or the Trust Estate or any interest therein, except as Permitted Encumbrances or as otherwise provided in the Master Trust Indenture.

END OF ARTICLE VII

ARTICLE VIII

MAINTENANCE; TAXES; INSURANCE; LOCATIONS; MODIFICATIONS; USE

Section 8.01. Maintenance of Project by Sublessee.

Sublessee agrees that at all times during the Term, Sublessee will, at its own cost and expense, preserve and keep the Project in good repair, working order and condition, ordinary wear and tear and obsolescence excepted. Sublessee will from time to time make or cause to be made all necessary and proper repairs and replacements. Neither Lessor nor Lessee shall have any responsibility in any of these matters or for the making of improvements or additions to the Project.

Section 8.02. Taxation of Rental Payments.

It is the intention of the Lessor, Lessee and Sublessee that the interest component of the Rental Payments received by the Lessor be and remain exempt from federal income taxation. Lessee and Sublessee each covenant that it will take (or refrain from taking, where appropriate) any and all action within its power and control necessary to maintain the exemption from federal income taxation of the interest portion of the Rental Payments, and that it will not perform any act (or neglect to take any action) within its power or control, nor will Sublessee enter into any agreement or use or permit the use of the Project or any portion thereof in a manner that shall have the effect of terminating the exemption from federal income taxation of the interest portion of the Rental Payments, including (without limitation) leasing all or any portion of the Project or contracting to a third party for the use or operation of all or any portion of the Project if entering into such lease or contract would have such effect. In the event any court or governmental authority having jurisdiction over Lessor, Lessee or Sublessee determines that the interest component of the Rental Payments is subject to federal income taxes, and if such determination results, directly or indirectly, in whole or in part, from Lessee's or Sublessee's violation of this Section 8.02, Sublessee shall upon demand, reimburse Lessor in an amount equal to such lost tax benefits on Rental Payments made prior to such determination of taxability, and subsequent Rental Payments shall be similarly adjusted.

Section 8.03. Insurance.

Sublessee shall maintain insurance in accordance with the provisions of 407 of the Master Trust Indenture. The Lessor and the Lessee shall be named as additional insureds on the general liability insurance policy and property and casualty insurance policy which policies the Sublessee shall provide to the Lessor and the Lessee.

Section 8.04. Filing of Financial Statements, Certificate of No Default, Other Information.

Sublessee and Progressive Health Systems, Inc. shall provide Lessor with the same financial statements, reports and information as provided to the Master Trustee identified in Section 414 of the Master Trust Indenture, including any rights and privileges of the Master Trustee provided for in Section 414 of the Master Trust Indenture; provided, however, that the

time period set forth in Section 414(A) of the Master Trust Indenture for the distribution of quarterly financial information shall be forty-five (45) days.

Section 8.05. Modifications.

Subject to the provisions of Article XIV, the Sublessee shall not make any alterations, modifications, or attachments to the Project which would materially damage the functional capabilities or economic value of the Project without the prior written consent of the Lessor which consent shall not be unreasonably withheld.

Section 8.06. Liability.

In no event shall Lessor or Lessee be liable for any special, consequential, incidental or other damages arising out of use or loss of use of the Project except by the willful misconduct of the Lessor or the Lessee, or by the gross negligence of the Lessor.

END OF ARTICLE VIII

ARTICLE IX

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 9.01. **Damage, Destruction and Condemnation.**

If prior to the termination of the Term (a) the Project or any portion thereof is destroyed (in whole or part) or damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then the Net Proceeds from, or awards, for any such losses, or taking, shall be paid to the Sublessee, and there shall be no abatement or reduction in the Rental Payments payable by the Sublessee under this Master Lease Agreement. To the extent that the Lessor has a perfected security interest in Net Proceeds, Sublessee shall obtain the consent of the Lessor (which consent shall not be unreasonably withheld) as to the application of Net Proceeds, whether for rebuilding or restoration of the Project, payment of Rental Payments hereunder, or other legal and appropriate application(s).

For purposes of this Article IX, the term "Net Proceeds" shall mean when used with respect to any insurance or condemnation award, the gross proceeds from insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds. Application of the term "Net Proceeds" shall relate to the real and personal property in connection with the Agreement of Lease and *Exhibit F* and *Exhibit G*, attached hereto.

END OF ARTICLE IX

ARTICLE X

DISCLAIMER OF WARRANTIES

Section 10.01. Disclaimer of Warranties.

Sublessee acknowledges and agrees that the Project is of a size, design, capacity and manufacture selected by Sublessee. Lessor and Lessee make no warranty nor representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Project, or any other warranty with respect thereto and, as to the Lessor and Lessee, the Sublessee subleases the Project "as is". In no event shall the Lessor or Lessee be liable for any loss or damage, including incidental, indirect, special or consequential damage, in connection with or arising out of this Master Lease Agreement or the existence, furnishing, functioning or the Sublessee's use of any items or products or services provided for in this Master Lease Agreement except by the willful misconduct or gross negligence of the Lessor or the Lessee.

END OF ARTICLE X

ARTICLE XI
CONSUMMATION OF PURCHASE

Section 11.01. Consummation of Purchase.

At the request of Sublessee, Lessor's interest in the Project described in a given Schedule of Payments will be transferred, conveyed and assigned permanently to Sublessee and all obligations under said Schedule of Payments shall terminate:

- (a) at the end of a Term, upon payment in full of all Rental Payments due and all other sums required to be paid under the applicable Schedule of Payments; or
- (b) on any date, upon payment by Sublessee of the Purchase Price and all other sums required to be paid under the applicable Schedule of Payments (i.e., the principal balance due); provided, however, that the Sublessee shall have given fifteen (15) days prior written notice to the Lessor.

Upon the occurrence of either of the above, Lessor shall deliver to Sublessee, with written notice to the Lessee, an instrument transferring permanently its full remaining right and interest to the Project to Sublessee free and clear of all liens and encumbrances created by or arising through Lessor.

END OF ARTICLE XI

ARTICLE XII

ASSIGNMENT AND INDEMNIFICATION

Section 12.01. Assignment by Lessor.

This Master Lease Agreement, Lessor's interest in the Project and right of Lessor to receive payments hereunder, may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Lessor at any time without the necessity of obtaining the consent of Lessee or Sublessee. The Lessor currently has no present intent to assign or reassign the Master Lease Agreement, its interest in the Project or its rights to receive Rental Payments. The Lessor covenants that any assignment of the Master Lease Agreement, the Lessor's interest in the Project and its rights to receive Rental Payments shall be in accordance with applicable federal and state securities laws. However, no assignment or reassignment of any of the Lessor's right, title or interest in this Master Lease Agreement or the Project shall be effective unless and until Sublessee shall have received a notice of assignment. Upon receipt of the notice described above, Sublessee agrees to make all payment to the assignee designated in the assignment, and shall, if so requested, acknowledge the assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective. During the Term, Lessor and any servicer shall each keep a complete and accurate register of all such assignments in form necessary to comply with Section 149(a) of the Code. Sublessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements or mortgages which may be reasonably requested by Lessor or its assignee to protect their interest in the Project and in this Master Lease Agreement.

Section 12.02. Assignment by Lessee.

All rights of the Lessee to the Rental Payments, are hereby assigned to the Lessor. By its execution hereof, Lessor hereby acknowledges and accepts the assignment granted.

The Lessee agrees that, except as otherwise provided herein and in the Assignment, it will not sell, assign, transfer, convey or otherwise dispose of its interest in the Project or any portion thereof during the Term, nor will it create or suffer to be created any debt, lien or charge thereon (except the lien or charge for taxes, governmental charges or special assessments) or make any pledge or assignment of or create any lien or encumbrance upon the Trust Estate.

Section 12.03. Assignment and Subleasing by Sublessee.

Except for Permitted Encumbrances, the interest of the Sublessee in the Project may not be sold, leased, subleased, pledged, assigned or otherwise encumbered by Sublessee except pursuant to the provisions of the Master Trust Indenture (including, without limitation, Section 417 of the Master Trust Indenture).

The Sublessee may from time to time during the term of the Agreement of Lease grant easements, licenses, rights of way or use, party wall rights, rights of lateral support, and other rights and privileges in the nature of easements with respect to the Project and may similarly release or terminate existing easements, licenses, rights of way or use, party wall rights, rights of

lateral support, and other rights and privileges in the nature of easements, all as identified as Permitted Encumbrances, as set forth in the Master Trust Indenture.

Section 12.04. Release and Indemnification Covenants.

(a) Sublessee shall, to the extent permitted by applicable law, indemnify, protect, hold harmless, save and keep harmless Lessor and Lessee from and against any and all liabilities, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the Project, including the ownership of any item of the Project, the ordering, acquisition, manufacture, use, operation, maintenance, condition, purchase, delivery, rejection, storage or return of any item of the Project or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Project resulting in damage to property or injury or death of any person, unless the source shall have been caused by the gross negligence (including acts or omissions) of Lessor or Lessee, or the officers, employees or agents of either of them. The indemnification by Sublessee hereunder shall not include any indemnification for any federal, state or local taxes which may be incurred by Lessor as a result of the consummation of the transactions contemplated by the Agreement of Lease and this Master Lease Agreement.

(b) The Sublessee (i) releases the Lessee from, (ii) covenants and agrees that the Lessee will not be liable for, and (iii) covenants and agrees to indemnify the Lessee for and to hold the Lessee harmless against all liabilities, claims, costs, losses and expenses (including without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses), joint or several, imposed upon or asserted against the Lessee on account of:

(A) any injury to, death of or loss by any Person, or loss of or damage to property, that may be occasioned by any cause whatsoever pertaining to the Project, or any part thereof, or occurring otherwise on or about the Project, or any part thereof, or the adjoining sidewalks, curbs, vaults and vault space, if any;

(B) any use, nonuse or condition of the Project, or any part thereof, or the adjoining sidewalks, curbs, vaults and vault space, if any;

(C) any breach or default on the part of the Sublessee in the observance or performance of any covenant, agreement or obligation of the Sublessee under or arising from the transaction contemplated by this Master Lease Agreement, or any act or failure to act by the Sublessee or any of its agents, contractors, servants, employees or licensees;

(D) the authorization, issuance, sale, trading, redemption or servicing of the transaction contemplated by this Master Lease Agreement, and the provisions of any information or certification furnished in connection therewith concerning the Project or the Sublessee (including, without limitation, any information furnished by the Sublessee for and included in, or used as a basis for preparation

of, any certifications, information statements or reports made or furnished by the Lessee, and any other information or certification obtained from the Sublessee) to assure the exclusion of the interest on the transaction contemplated by this Master Lease Agreement from gross income for federal income tax purposes and from treatment as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); the Sublessee's failure to comply with any requirement of this Master Lease Agreement or the Code pertaining to such exclusion of the interest, including the covenants herein in connection therewith;

(E) ownership of any interest in the Project, or any part thereof;

(F) the performance of any labor or services or the furnishing of any materials or other property in respect of the Project, or any part thereof;

(G) any action, claim or proceeding brought in connection with any of the foregoing; and

(H) to the extent of the aggregate amount paid in settlement of any action, claim or proceeding commenced or threatened based upon any of the foregoing, if the settlement is effected with the written consent of the Sublessee (which consent shall not be withheld unreasonably);

and will reimburse any legal or other expenses incurred reasonably by the Lessee in connection with investigating or defending any liability, claim, cost, loss, expense, action or proceeding described above. Notwithstanding the foregoing, Sublessee shall not indemnify Lessee for damage to property or injury or death of any person caused by the acts or omissions of Lessee, or its officers, employees or agents.

The Sublessee covenants and agrees further, as to all covenants, agreements and obligations of the Lessee under this Master Lease Agreement or in any other instrument or document in connection with the authorization of this Master Lease Agreement and the provision of any information, including without limitation, any information contained in any disclosure made to the Lessor by the Sublessee, (i) to assume the cost of, and to indemnify the Lessee and to hold it harmless against, all liabilities, claims, costs, losses and expenses, not payable from proceeds of this Master Lease Agreement, to which the Lessee may become subject under law, and (ii) to reimburse the Lessee for any out-of-pocket, legal and other expenses (including without limitation, to the extent permitted by law, reasonable attorneys' fees) incurred by the Lessee in connection therewith with investigating any of those liabilities, claims, costs, losses or expenses, or with defending against any actions, claims or proceedings, except in each case to the extent related to information furnished by the Lessee which was not provided by or in the name or on behalf of the Sublessee.

At the request and the expense of the Sublessee, the Lessee shall cooperate in making any investigation and defense of any action, claim or proceeding and shall assert appropriately the rights, privileges and defenses which are available to the Lessee.

In case any action, claim or proceeding is brought or asserted against the Lessee with respect to which indemnification may be sought under this Section, the Lessee shall give written notice thereof promptly to the Sublessee and the Sublessee shall have the obligation and the right, upon receipt of that notice, to assume the defense of the action or proceeding with legal counsel reasonably acceptable to the Lessee. No failure of the Lessee to give, and no delay in giving, that notice shall relieve the Sublessee to any extent from any of its covenants, agreement or obligations under this Section, unless that failure or delay prejudices the defense by the Sublessee of the action, claim or proceeding, and only to the extent of the prejudice. The failure to give that notice shall not relieve the Sublessee from any obligation which it may have to the Lessee otherwise than under this Section. If the Sublessee shall not actively and diligently pursue such defense, or if the counsel so selected and approved shall be unable by reason of any conflict of interest or other reason to represent the interests of the Lessee, the Lessee shall have the right to engage separate legal counsel as may be necessary and separately participate in the defense of any such matter at the reasonable cost and expense of the Sublessee. Without limiting the obligations of the Sublessee as set forth in the preceding sentence, the Lessee may employ separate legal counsel at its own expense and participate in the defense. The Sublessee shall not be liable for any settlement made without its consent (which consent shall not be unreasonably withheld), so long as the Sublessee is actively and diligently pursuing such.

The release and indemnification pursuant to this Section are intended to and shall include the release and indemnification of all affected officials, directors, officers and employees of the Lessee, to the same extent and subject to the same terms as are the release and indemnification of the Lessee. The release and indemnification are intended to and shall be enforceable by each indemnified Person to the full extent permitted by law. All amounts payable under this Section, together with interest thereon from the date of any payment of any amount by the indemnified Person, shall be paid by the Sublessee on demand by the indemnified Person. In any action brought to collect those amounts, the indemnified Person shall be entitled to the recovery of the amounts, except as limited by law or judicial order or decision.

The covenants, agreements and obligations of the Sublessee under this Section shall survive the Termination of this Master Lease Agreement and the Agreement of Lease.

Section 12.05. Tax Indemnification of the Lessor.

In order to induce the Lessee to enter into this Master Lease Agreement and to designate the Revenue Obligations, as defined in Ordinance No. _____ adopted by the City Council of the Lessee on _____, 2007 as "qualified tax exempt obligations" within the meaning of Section 265 of the Code, the Lessor releases the Lessee from, agrees that the Lessee shall not be liable for, and indemnifies the Lessee against, all liabilities, losses, fines, penalties, obligations, damages, costs and expenses (including, without limitation, reasonable attorney's fees and expenses except as may be limited by law or judicial decision or order) imposed upon, asserted against or incurred by the Lessee without gross negligence or willful misconduct on the part of the Lessee on account of any claim that (a) the interest on the revenue obligations is not excludable from gross income of the recipient thereof for purposes of federal income taxation under the Code, (b) that such interest is not an item of tax preference under the Code, or (c) that such revenue obligations are not qualified tax exempt obligations under the Code.

In case any action or proceeding is brought against the Lessee in respect of which indemnity may be sought hereunder, the Lessee promptly shall give written notice of that action or proceeding to the Lessor, and the Lessor shall have the obligation and the right, upon receipt of that notice, to assume the defense of the action or proceeding with legal counsel reasonably acceptable to the Lessee; *provided that*, failure of the Lessee to give that notice shall not relieve the Lessor from any of its obligations under this Section, except to the extent that failure prejudices the defense of the action or proceeding by the Lessor or otherwise results in an increase in the amount to be indemnified. If the Lessor shall not actively and diligently pursue such defense, or if the counsel so selected and approved shall be unable by reason of any conflict of interest or other reason to represent the interests of the Lessee, the Lessee shall have the right to engage separate legal counsel as may be necessary and separately participate in the defense of any such matter at the reasonable cost and expense of the Lessor. Without limiting the obligations of the Lessor as set forth in the preceding sentence, the Lessee may employ separate legal counsel at its own expense and participate in the defense. The Lessor shall not be liable for any settlement made without its consent (which consent shall not be unreasonably withheld), so long as the Lessor is actively and diligently pursuing such.

The indemnifications set forth herein are intended to and shall include the indemnification of all affected officials and employees of the Lessee. Those indemnifications are intended to and shall be enforceable to the full extent permitted by law and shall survive the termination or expiration of this Master Lease Agreement.

Section 12.06. Limitation on Liability.

No recourse under or upon any obligation, covenant, representation, warranty, acceptance or agreement contained in this Master Lease Agreement or under any judgment obtained against the Sublessee or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any officer, member or trustee of the Sublessee.

END OF ARTICLE XII

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES

Section 13.01. Events of Default Defined.

Each of the following shall be an "Event of Default" under this Master Lease Agreement and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Master Lease Agreement, any one or more of the following events:

(a) Failure by Sublessee to pay any Rental Payment or other payment required to be paid hereunder at the time and manner specified herein and the continuation of said failure for a period of ten (10) days (i) after telephonic or telefax notice given by Lessor that the payment referred to in such notice has not been received, such telephonic notice to be subsequently confirmed in writing; or (ii) after written notice; or

(b) an Event of Default has occurred as provided in Section 5.02 of the Master Trust Indenture.

Section 13.02. Remedies on Default.

Whenever any Event of Default shall have occurred and be continuing, the Lessor shall have the right, at its sole option without any further demand or notice, to take any one or any combination of the following remedial steps:

(a) The Lessor at its option may, declare all installments of Rental Payments and other amounts payable hereunder, excluding interest that has not accrued, for the remainder of the Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) In accordance with applicable law, the Master Trustee, or upon ten days, written notice and with the prior written consent of the Master Trustee, the Lessor or its designee, may

(i) enter and take possession of the Project or any appropriate part thereof, without terminating this Master Lease Agreement,

(ii) collect rentals and enforce all other remedies of the Sublessee under any leases of, or assignments or grants of rights to use or occupy, the Project, or any part thereof, but without being deemed to have affirmed the leases, assignments or grants, and

(iii) enter into new leases, assignments and grants on any terms which the Lessor or Master Trustee may deem to be suitable for the Project, or any part thereof, which leases, assignments and grants may provide that they shall not be terminated or affected if the Sublessee cures the Event of Default, provided,

however, that in any such event, the Lessee shall be released from its obligations under this Master Lease Agreement.

Rentals and other amounts payable under the leases, assignments and grants described in clauses (ii) and (iii) of the preceding sentence may be applied by the Lessor or Master Trustee to any costs of administration, operation, repair or maintenance of the Project, or any part thereof, as the Lessor or Master Trustee may reasonably deem useful, and the remaining balance shall be applied (A) to the payment ratably of all Obligations (as defined in the Master Trust Indenture) including the 2007A Direct Note Obligation securing payment of the Rental Payments. Any balance of the rents and other amounts remaining thereafter shall be paid promptly to the Sublessee by the Lessor or Master Trustee in accordance with this Master Lease Agreement, and the Lessor or Master Trustee may hold the Sublessee liable for the difference between those rents and other amounts payable under this Lease.

(c) In the event any Rental Payments shall be outstanding at the time, and shall not be paid and discharged in accordance with this Master Lease Agreement, the Lessor and the Master Trustee may have access to, inspect, examine and make copies of the Sublessee's books, records, accounts, financial and other data, and income and other tax returns, excluding specifically donor records, patient records, personnel records, medical staff records, medical staff committee records and any other records the confidentiality of which may be protected by law.

(d) In accordance with applicable law, all revenues derived from the operation of the Project shall become payable immediately to the Master Trustee and the Master Trustee may take whatever steps it deems necessary to notify payors of the Master Trustee's right thereafter to receive those revenues directly.

(e) The Lessor may exercise any and all and any combination of remedies available to it under this Master Lease Agreement and the Master Trust Indenture.

(f) The Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments and other amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Sublessee under this Master Lease Agreement.

In addition, Sublessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

Section 13.03. No Remedy Exclusive.

No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or

power or shall be constructed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 13.04. Force Majeure.

If by reason of force majeure Sublessee is unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Sublessee contained in Article VI and Section 8.02 hereof, Sublessee shall not be deemed in default during the continuance of such inability. The terms "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; act of public enemies, orders or restraints of any kind of the government of the United States of America or the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or explosions.

Section 13.05. Late Charge; Interest on Late Payment.

Any Rental Payment not paid by the tenth (10th) day after the due date shall bear an additional finance charge. The finance charge shall accrue on the unpaid principal (calculated as the sum of any past due Rental Payments plus the Prepayment Price Balance as of the immediately preceding Payment Date), from the date the unpaid Rental Payment was due until payment at a rate (calculated on a 360-day year for the actual days elapsed) equal to the prime rate of the Lessor as announced from time to time by the Lessor.

END OF ARTICLE XIII

ARTICLE XIV

ADDITIONAL COVENANTS OF THE SUBLESSEE

Section 14.01. Additional Covenants.

Sublessee represents, covenants and warrants to the Lessor and the Lessee that it shall comply with the provisions of the Master Trust Indenture and the Prior Lease and that it shall comply with the "Financial Covenants" listed in *Exhibit I* hereto.

Section 14.02. Amendments to this Master Lease Agreement.

Except as otherwise provided in this Master Lease Agreement, this Master Lease Agreement may be amended, changed or modified only with the written approval of the Lessor, the Lessee and the Sublessee.

Section 14.03. Amendment to this Master Lease Agreement and the Agreement of Lease.

The Sublessee reserves the right, from time to time, to amend this Master Lease Agreement and the Agreement of Lease to effect the release and removal of, the substitution for or the addition to any part of, or interest in, the Project and/or the Project Site (as set forth in *Exhibits F and G*, respectively) from this Master Lease Agreement and the Agreement of Lease and the leasehold estate created hereby. Any such amendments must be in compliance with Section 147(f) of the Code. In addition, any such amendments must be done in a manner consistent with Section 16.09 herein.

END OF ARTICLE XIV

ARTICLE XV

DEFEASANCE; PREPAYMENT

Section 15.01. Release of Master Lease Agreement.

If the Sublessee shall pay or cause to be paid and discharged all the outstanding lease obligations or there shall otherwise be paid to the Lessor all Rental Payments due or to become due thereon, and provision shall also be made for paying all other sums payable hereunder by the Sublessee, then and in that event, this Master Lease Agreement shall cease, determine and become null and void, and the covenants, agreements and other obligations of the Sublessee hereunder shall be discharged and satisfied, and thereupon the Lessor shall release this Master Lease Agreement. The Lessor shall deliver to the Sublessee and the Lessee such instruments in writing as shall be requisite to satisfy the pledge and lien upon the Trust Estate and to enter on the records such satisfaction and discharge and such other instruments to evidence such release and discharge as may be reasonably required by the Sublessee or the Lessee.

Section 15.02. Payment and Discharge of Lease Obligations.

All outstanding Rental Payments required to be made by the Sublessee to or on behalf of the Lessee hereunder shall be deemed to have been paid and discharged within the meaning of this Master Lease Agreement, including, without limitation, Section 15.01 hereof, if:

(a) An independent escrow trustee, for the benefit of the Lessor, or the Lessor, shall hold, in trust for and irrevocably committed hereto, sufficient moneys; or

(b) An independent escrow trustee, for the benefit of the Lessor, or the Lessor, shall hold, in trust for and irrevocably committed hereto, Defeasance Obligations certified by an independent accounting firm of national reputation or other firm qualified to provide such services and acceptable to the Lessor, a copy of such certified verification report to be provided to the Lessor and the Sublessee, to be of such maturities and interest payment date and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient together with moneys (if any) referred to in (a) above;

for the payment, when due, of all Rental Payments to be made by the Lessee to the Lessor hereunder to the date of maturity or prepayment, including any prepayment premium; provided, that the Lessor shall have received an opinion of Bond Counsel to the effect that the deposit of such moneys and/or Defeasance Obligations with such independent escrow trustee will not adversely affect the exclusion from gross income of the interest portion of the Rental Payments to be made by the Lessee to the Lessor hereunder for federal income tax purposes.

Any moneys held by an independent escrow trustee, for the benefit of the Lessor, in accordance with the provisions of this Section may be invested by such escrow trustee, but only in Defeasance Obligations the maturities or redemption dates of which, shall coincide as nearly

as is practicable with, but not later than, the time or times at which said moneys will be required for the aforesaid purposes.

Section 15.03. Prepayment.

On and after [July 1, 2008], the Sublessee may prepay the Rental Payments, subject to prepayment penalties, in accordance with the provisions in *Exhibit A-2* attached hereto.

ARTICLE XVI
MISCELLANEOUS

Section 16.01. Maintenance of Corporate Existence.

The Sublessee will maintain its existence, paying all license or other fees, if any, and making all returns necessary for that purpose, will not do or suffer to be done anything whereby its existence or its right to hold the pledged property might in any way be questioned, and will faithfully observe and comply with the terms of all applicable laws and ordinances of the State and any political subdivision or municipality thereof.

Section 16.02. Status.

The Lessee covenants that it will at all times maintain its existence as a public body and a body corporate and politic and will take no action, or engage in any activities, which will alter, change or destroy its status. The Lessee further covenants that it will use its best efforts to prevent any action to be taken by others or engaged in by others which will alter, change or destroy the Lessee's status.

Section 16.03. Expenses of Sublessee.

Sublessee shall pay all Costs of Issuance associated with this transaction including costs of Bond Counsel, Sublessee's Counsel, Lessee's Counsel, Lessor's Counsel and any special counsel fees. Such payments shall be made promptly upon submission of statements therefor to Sublessee.

Section 16.04. Extent of Covenants of Lessee.

All covenants, stipulations, obligations and agreements of the Lessee contained in this Master Lease Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, stipulation, obligation or agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer of the Lessee in other than such officer's official capacity.

Section 16.05. Tax Covenants.

The Sublessee covenants that notwithstanding any other provisions hereof or of any other instrument, it will neither make nor cause to be made any investment or other use of the proceeds of the lease obligations which would cause the obligation of the Lessee to make Rental Payments under this Master Lease Agreement to be arbitrage bonds under Section 148 of the Code and the Regulations thereunder or otherwise cause the interest component on the lease obligations to become subject to federal income tax under the Code. This covenant shall extend throughout the term of the Rental Payments, to all funds created hereunder and all moneys on deposit to the credit of any such fund. To the extent within its control, the Lessee will restrict the use of proceeds of the lease obligations in such manner and to such extent, if any, as may be

necessary, after taking into account reasonable expectations at the time the lease and sublease are entered into, so that they will not constitute arbitrage bonds under Section 148 of the Code.

Section 16.06. Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, to the parties at the address set forth on the signature page hereof.

Section 16.07. Binding Effect.

This Master Lease Agreement shall inure to the benefit of and shall be binding upon, Lessor, Lessee and Sublessee and their respective successors and assigns.

Section 16.08. Severability/Survival.

In the event any provision of this Master Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. The obligation of Sublessee under Sections 8.02 and 12.04 shall survive termination of this Master Lease Agreement.

Section 16.09. Entire Agreement; Amendments, Changes and Modifications.

This Master Lease Agreement, including the Exhibits hereto, constitutes the entire agreement among Lessor, Lessee and Sublessee. No waiver, consent, modification or change of terms of this Master Lease Agreement shall bind either party unless in writing signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. The Lessor shall have the right to waive, amend and consent to any amendments or modifications without an ordinance of the City Council of the City of Pekin, Illinois unless such amendment or modification affects the rights of the Lessee. There are no understandings, agreements, representations or warranties, express or implied, not specified herein regarding this Master Lease Agreement or the Project leased hereunder. Any terms and conditions of any purchase order or other document submitted by Sublessee in connection with this Master Lease Agreement which are in addition to or inconsistent with the terms and conditions of this Master Lease Agreement will not be binding on Lessor and will not apply to this Master Lease Agreement. Sublessee by the signature below of its authorized representative acknowledges that it has read this Master Lease Agreement, understands it, and agrees to be bound by its terms and conditions.

Section 16.10. Execution in Counterparts.

This Master Lease Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.11. Applicable Law.

This Master Lease Agreement shall be governed by and construed in accordance with the Laws of the State of Illinois.

Section 16.12. Captions.

The captions or headings in this Master Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Master Lease Agreement.

Section 16.13. Waiver.

No covenant or condition of this Master Lease Agreement can be waived except by the written consent of Lessor (except for any remedies assigned to the Master Trustee which may be waived pursuant to the provisions of the Master Trust Indenture). Any failure of Lessor (or the Master Trustee) to require strict performance by Sublessee or any waiver by Lessor (or the Master Trustee) of any terms, covenants or agreement herein shall not be construed as a wavier of any other breach of the same or any other term, covenant or agreement herein.

Section 16.14. Time.

Time is of the essence of this Master Lease Agreement.

END OF ARTICLE XVI

IN WITNESS WHEREOF, Lessor has caused this Master Lease Agreement to be executed in its corporate name by its duly authorized officer, Lessee has caused this Master Lease Agreement to be executed in its corporate name by its duly authorized officers, and Sublessee has caused this Master Lease Agreement to be executed in its corporate name by its duly authorized officer. All of the above occurred as of June 1, 2007.

LESSOR

FIFTH THIRD BANK

222 S. Riverside Plaza, Mail drop: GRVR2D
Chicago, IL 60606

By: _____

Name: _____

Title: _____

LESSEE

CITY OF PEKIN, ILLINOIS

111 South Capitol Street
Pekin, Illinois 61554

By: _____

R. David Tebben
Mayor

APPROVED AS TO FORM:

By: _____

Name: Pat Oberle

Title: Attorney for the City of Pekin,
Illinois

SUBLESSEE
PEKIN MEMORIAL HOSPITAL
600 South 13th Street
Pekin, IL 61554

By: _____

Name:

Title:

This instrument prepared by:
Bradley N. Ruwe, Esq.
Attorney at Law
Peck, Shaffer & Williams LLP
201 East Fifth Street, Suite 900
Cincinnati, Ohio 45202

STATE OF ILLINOIS

)

) SS:

COUNTY OF

)

On this ____ day of _____, 2007, before me, a notary public in and for the county and state aforesaid, personally appeared _____, to me known and known to me to be the _____ of Pekin Memorial Hospital to me known to be the person who executed the foregoing instrument, and acknowledged the execution thereof to be his free act and deed and the free act and deed of the Hospital, for the uses and purposes therein mentioned, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said Hospital as such officer; that the same is his free act and deed as such officer, and the free act and deed of said Hospital; and that he was duly authorized thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public
State of Illinois

My commission expires _____

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____, 2007, before me, a notary public in and for the county and state aforesaid, personally appeared _____, _____, to me known and known to me to be an authorized officer of Fifth Third Bank, the above-described bank, and to me known to be the person who executed the foregoing instrument, and acknowledged to me the execution thereof to be his free act and deed and the free act and deed of said bank for the uses and purposes therein mentioned, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said bank as such officer; that the same is his free act and deed as such officer, and the free act and deed of said bank; and that he was duly authorized thereunto by its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public
State of Illinois

My commission expires _____

STATE OF ILLINOIS)
) SS:
COUNTY OF _____)

On this ____ day of _____, 2007, before me, a notary public in and for the county and state aforesaid, personally appeared _____ to me known and known to me to be the Mayor, of the City of Pekin, Illinois, and to me known to be the individual who executed the foregoing instrument, and acknowledged to me the execution thereof to be their free act and deed and the free act and deed of said Mayor for the uses and purposes therein mentioned, and acknowledged to me that he/she did so sign said instrument in the name and upon behalf of said City as such officers; that the same is their free act and deed as such officers, and the free act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Notary Public
State of Illinois

My commission expires _____

FORM OF EXHIBITS

TO

**MASTER LEASE-PURCHASE AND
SUBLEASE-PURCHASE AGREEMENT
DATED AS OF JUNE 1, 2007**

**entered into this ____ day of [June/July], 2007
by and between the Lessor, Lessee and Sublessee**

These Exhibits consist of:

- Exhibit A. form of Schedule of Payments
- Exhibit B. form of Certificate of Acceptance
- Exhibit C. form of Certificate of Authorized Representatives
- Exhibit D. form of Opinion of Peck, Shaffer & Williams LLP
- Exhibit E. form of Opinion of Sublessee's Counsel
- Exhibit F. Project Description
- Exhibit G. Project Site Description
- Exhibit H. Financial Covenants
- Supplements: Authorizing resolution of Lessee
Authorizing resolution of Sublessee
Tax Regulatory Agreement
Insurance Certificate
IRS Form 8038

EXHIBIT A
SCHEDULE OF PAYMENTS NUMBER 1

Sublessee: Pekin Memorial Hospital

Effective Date: _____, 2007

Number and Frequency of Payments: 129 Monthly Payments, commencing _____, 2007, through _____, 2018 (maturity), with interest only for the first nine (9) months and subsequently (i.e. months 10-129), the monthly payments will be principal and interest.

Effective Interest Rate: During the period from the Effective Date through maturity, the interest rate shall be equal to ____% per annum.

Interest Rate (____%) = Current 10-Year U.S. Treasury Swap Rate (Federal Reserve H15 Report), plus 1.75% (with TEFRA adjustment) times 65%.

Payment Schedule: See *Exhibit A-1*.

Prepayment Penalty: If the Sublessee shall exercise its option to purchase the Project pursuant to Section 11.01(b) at any time prior to maturity, the Sublessee agrees to pay any applicable Prepayment Penalty (as shown on *Exhibit A-2*), in addition to the Purchase Price to be paid by Sublessee at that time.

EXHIBIT A-1
PAYMENT SCHEDULE

EXHIBIT A-2
PREPAYMENT SCHEDULE

<u>Prepayment Period</u>	<u>Prepayment Penalty</u> Expressed as a Percentage of the Outstanding Principal <u>Balance to be Prepaid</u>
Effective Date to _____, 2008, both inclusive	Prepayment is not available
_____, 2008, and thereafter to maturity	1.000%*

* Prepayment penalty is not applicable to any portion of the proceeds associated with the "build-out" of the Project, which proceeds are used to redeem all or a portion of the lease obligations.

[Signature Page to Prepayment Schedule]

PEKIN MEMORIAL HOSPITAL, Sublessee

By:

Name:

Title:

EXHIBIT B
FORM OF CERTIFICATE OF ACCEPTANCE

I, the undersigned, hereby certify that I am the duly qualified and acting _____ of Pekin Memorial Hospital (the "Sublessee"); and, with respect to the Schedule of Payments of the Master Lease-Purchase and Sublease-Purchase Agreement dated as of June 1, 2007 (the "Agreement"), by and between Fifth Third Bank (the "Lessor"), the City of Pekin, Illinois (the "Lessee") and the Sublessee; that:

1. The real property described in **Exhibit G** hereto (the "Project Site") in which a leasehold interest has been conveyed to the Lessor pursuant to the Agreement of Lease (as defined in the Master Lease Agreement).

2. The Rental Payments provided for on said Schedule of Payments shall be due and payable on _____, _____, and monthly on each Payment Date (as defined in the Master Lease Agreement) thereafter, in the amounts shown on said Schedule of Payments.

3. Sublessee has obtained from a reputable insurance company qualified to do business in the State insurance with respect to all risks required to be covered thereby pursuant to Section 407 of the Master Trust Indenture.

4. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body, that challenges the organization or existence of Sublessee; the authority of Sublessee or its officers or its employees to enter into the Master Lease Agreement; the proper authorization, approval and/or execution of the Master Lease Agreement and other documents contemplated thereby; or the ability of Sublessee otherwise to perform its obligations under Agreement and the transactions contemplated thereby.

Dated: June __, 2007

PEKIN MEMORIAL HOSPITAL, Sublessee

By: _____

Name: _____

Title: _____

EXHIBIT C
CERTIFICATE OF AUTHORIZED REPRESENTATIVES

The following certifications are made concerning the Exhibits under the Master Lease-Purchase and Sublease-Purchase Agreement (the "Agreement") between Fifth Third Bank (the "Lessor"), the City of Pekin, Illinois (the "Lessee") and Pekin Memorial Hospital (the "Sublessee"):

I. I, _____, hereby certify that I have been duly designated by the Board of Directors of the Lessor to act on behalf of the Lessor and to enter transactions under the Master Lease Agreement, including the Exhibits and Transcript Documents relating thereto.

IN WITNESS WHEREOF, the undersigned has hereunto executed as of _____, 20__.

FIFTH THIRD BANK (Lessor)

By: _____
Name:
Title:

II. I, R. David Tebben, hereby certify that I am the Mayor of the City of Pekin, Illinois representing and duly authorized to act on behalf of the Lessee and to enter into transactions under the Agreement, including the Exhibits and Transcript Documents relating thereto.

IN WITNESS WHEREOF, the undersigned has hereunto executed as of _____, 20__.

CITY OF PEKIN, ILLINOIS, (Lessee)

By: _____
R. David Tebben
Mayor

III. I, _____, hereby certify that I have been duly designated by the Board of Trustees of the Sublessee to act on behalf of the Sublessee and to enter transactions under the Master Lease Agreement, including the Exhibits and Transcript Documents relating thereto.

IN WITNESS WHEREOF, the undersigned has hereunto executed as of _____, 20__.

PEKIN MEMORIAL HOSPITAL (Sublessee)

By: _____
Name:
Title:

EXHIBIT D
FORM OF OPINION OF PECK, SHAFFER & WILLIAMS, LLP
[TO BE PROVIDED]

EXHIBIT E
FORM OF OPINION OF COUNSEL TO SUBLESSEE
[TO BE PROVIDED]

EXHIBIT F
PROJECT DESCRIPTION

Acquiring, constructing, equipping, improving and installing (a) an MRI business enterprise, (b) building improvements for additional space and renovations and (c) equipment for hospital facilities for the benefit of Pekin Memorial Hospital (collectively, the "Project"), all to be located at Pekin Memorial Hospital, 600 South 13th Street, Pekin, Illinois 61554 and 1300 Park Avenue, Pekin, Illinois 61554.

EXHIBIT G
PROJECT SITE DESCRIPTION

Pekin Memorial Hospital
600 South 13th Street
Pekin, IL 61554

and

1300 Park Avenue
Pekin, IL 61554

EXHIBIT H
FINANCIAL COVENANTS

TAX REGULATORY AGREEMENT

AMONG

FIFTH THIRD BANK

AND

CITY OF PEKIN, ILLINOIS

AND

PEKIN MEMORIAL HOSPITAL

**\$6,044,029 IN LEASE OBLIGATIONS PROVIDED FOR UNDER THE MASTER
LEASE-PURCHASE AND SUBLEASE-PURCHASE AGREEMENT, DATED AS OF
JUNE __, 2007**

DATED AS OF JUNE __, 2007

TAX REGULATORY AGREEMENT

THIS TAX REGULATORY AGREEMENT (the "Tax Regulatory Agreement") made and dated as of June __, 2007 among **CITY OF PEKIN, ILLINOIS** (the "Lessee"), **PEKIN MEMORIAL HOSPITAL** (the "Sublessee"), a non-profit corporation organized under the laws of the State of Illinois, and **FIFTH THIRD BANK**, organized under the laws of the State of Michigan (and authorized to transact business in the State of Illinois), as lessor and escrow trustee (the "Lessor") under the Master Lease-Purchase and Sublease-Purchase Agreement dated as of June __, 2007 (the "Master Lease") between the Lessee, Sublessee and Lessor:

W I T N E S S E T H:

WHEREAS, the Lessee is issuing its \$6,044,029 in lease obligations provided for under the Master Lease (the "Obligations"), which are Governmental Obligations, defined herein, on June __, 2007 (the "Obligations Closing Date") to make a Purpose Investment (the "Purpose Loan") with the Sublessee under the Master Lease dated as of June __, 2007 to, (a) pay Debt Service of, retire or redeem \$_____ of the Sublessee's outstanding taxable loans or lines of credit currently provided for by Fifth Third Bank (the "Prior Obligations"), which financed or refinanced the acquisition of an MRI business enterprise, and (b) finance the acquisition of building improvements and the the acquisition of hospital facilities, including (without limitation) hospital equipment (collectively, the "Project"); and

WHEREAS, the parties to this Tax Regulatory Agreement intend that the Obligations satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") to be treated as Qualified 501(c)(3) Bonds, defined herein; and

WHEREAS, the parties must therefore enter this Tax Regulatory Agreement in order to assure the status of the Obligations as Qualified 501(c)(3) Bonds.

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to words and terms elsewhere defined in the Master Lease, the No-Arbitrage Certificate, defined herein, and this Tax Regulatory Agreement, the following words and terms used in this Tax Regulatory Agreement have the following meanings, unless some other meaning is plainly intended:

"AMT Bond" means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

"Applicable Temporary Period" means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), during which time such Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Current Refunding Fund is ninety days after the Closing Date of the obligations, the Applicable Temporary Period for amounts deposited into a Bona Fide Debt Service Fund is thirteen months after the date of deposit into such fund, the Applicable Temporary Period for Investment Proceeds of Governmental Obligations is one year after the date of receipt of such amounts, the Applicable Temporary Period for Replacement Proceeds of Governmental Obligations is thirty days after the date such amounts become Replacement Proceeds and the Applicable Temporary Period for Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a).

"Arbitrage Bond" means any Governmental Obligation that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Arbitrage Compliance Payment" means any Rebate Payment and any Yield Reduction Payment.

"Available Construction Proceeds ("ACP")" means the portion of the Proceeds, as specially defined in Section 148(f)(4)(C)(vi) of the Code, of Governmental Obligations allocable to Construction Expenditures.

"Basic Research" means any original investigation for the advancement of scientific knowledge not having a specific commercial objective.

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year; and is depleted at least once each Bond Year, except for the Permitted Carryover.

"Bond Counsel" means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of Tax-Exempt Bonds.

"Bond Year" means the period commencing on the Closing Date of Governmental Obligations and ending on a date no later than one year after such Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

"Cancellation Right" means the right of an Exempt Entity to cancel a contract on reasonable notice without penalty or cause.

"Capital Contribution" means any gift or contribution made for the specific purpose of financing particular Capital Expenditures.

"Capital Expenditure" means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code.

"Capitation Fee" means a fixed amount paid per individual covered, so long as the types and quantity of services actually provided to covered individuals varies substantially, which fee may increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed. For this purpose, up to 20% of the total fee may consist of a variable component to protect the Service Provider from catastrophic loss.

"Change in Use" means any sale, exchange, lease or other disposition and any contract for any sale, exchange, lease or other disposition of any portion of a Qualified 501(c)(3) Facility to any Non-Exempt Person or any Use of such facility that would not be an Exempt Use.

"Closing Date" means the date obligations are issued and paid for, as provided in Treas. Reg. § 1.150-1(b).

"Computation Period" means the period from the Closing Date of Governmental Obligations or the day after any Installment Computation Date for the obligations through the next Installment Computation Date or through the Final Computation Date for the obligations, as applicable.

"Conduit Borrower" means any borrower of any Gross Proceeds of Governmental Obligations other than the Governmental Issuer of the obligations.

"Construction Expenditure" means any Capital Expenditure that is allocable to the cost of constructing real or personal property, as defined in Treas. Reg. § 1.148-7(g). Such expenditures do not include costs of acquiring interests in land or existing property, but may include costs for reconstruction and rehabilitation.

"Construction Expenditure Amount" means the amount of ACP of Governmental Obligations that must be expended by each Target Date for the obligations, under Section 148(f)(4)(C)(ii) of the Code. The Construction Expenditure Amount for the First Target Date is 10% of the ACP, the Construction Expenditure Amount for the Second Target Date is 45% of the ACP, the Construction Expenditure Amount for the Third Target Date is 75% of the ACP and the Construction Expenditure Amount for the Fourth Target Date is 100% of the ACP, except that if certain amounts are to be retained for a reasonable business purpose relating to the facilities being financed with the Proceeds of the obligations at the Fourth Target Date, 95% may

be used instead of 100%. If 95% (rather than 100%) is used at the Fourth Target Date, then 100% of the ACP must be spent by the Fifth Target Date. For these purposes, a Reimbursement Allocation may be treated as an expenditure.

"Construction Expenditure Exception to Rebate" means Treas. Reg. § 1.148-7(e), which provides that Governmental Obligations which qualify as a Construction Issue will be treated as satisfying the rebate requirements of Section 148 of the Code if the Construction Expenditure Amounts are spent by the Target Dates for such obligations and any Required Rebate owed on Proceeds of such obligations that are not ACP is paid.

"Construction Issue" means an issue or portion of an issue of Governmental Obligations if at least 75% of the Proceeds of such issue or portion will finance Construction Expenditures.

"Cost of Issuance" means any expenditure incurred in connection with the issuance of Governmental Obligations, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accountants' fees, fees imposed by a Governmental Issuer and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the facilities financed with the Proceeds of such obligations.

"Current Refunding Bond" means a Refunding Bond issued no earlier than, for Refunding Bonds issued after August 15, 1986, ninety days and for Refunding Bonds issued before August 16, 1986, 180 days before the obligations being retired or redeemed are retired or redeemed.

"Current Refunding Fund" means a Refunding Fund into which Gross Proceeds of Current Refunding Bonds and other funds of the Governmental Issuer or the Conduit Borrower, if applicable, are deposited that will be used to pay Debt Service of, retire or redeem Governmental Obligations no later than ninety days after the Closing Date of the Current Refunding Bonds.

"Debt Service" means any principal and interest payments on obligations.

"Demand Deposit SLGS" means any SLGS described in 31 CFR 344, Subpart C.

"Disposition Cash" means the Disposition Proceeds of Governmental Obligations if the consideration consists exclusively of cash.

"Disposition Proceeds" means the amounts, including property, received from the sale, exchange or other disposition of any Qualified 501(c)(3) Facilities, as provided in Treas. Regs. §§ 1.141-12(c) and 1.145-2.

"Disproportionate Private Use" means the excess of Related Private Use over the Related Governmental Use.

"Eighteen-Month Capital Expenditure Exception to Rebate" means Treas. Reg. § 1.148-7(d), which provides that Governmental Obligations will be treated as satisfying the rebate requirements of Section 148 of the Code if the Expenditure Amounts are spent by the

Expenditure Dates for the obligations and any Required Rebate owed on Proceeds of such obligations that are not required to be expended to satisfy Treas. Reg. § 1.148-7(d)(3) is paid.

"Eligible Yield-Restricted Proceeds" means any Yield-Restricted Proceeds, as specially described in Treas. Reg. § 1.148-5(c)(3), of Governmental Obligations the Yield on which may be reduced by making Yield Reduction Payments.

"Escrow Fund" means a fund to hold Investment Property that has been created for a particular purpose.

"Exempt Entity" means any Governmental Entity and any 501(c)(3) Organization, except when such organization is engaged in an Unrelated Trade or Business.

"Exempt Use" means the Use of the Proceeds of any Governmental Obligations or of a facility financed with such Proceeds by an Exempt Entity. Payment of Costs of Issuance is not an Exempt Use.

"Expenditure Amount" means the amount of Proceeds of Governmental Obligations that must be expended for Capital Expenditures by each Expenditure Date for the obligations, under Treas. Reg. § 1.148-7(d)(1)(i), to satisfy the Eighteen-Month Capital Expenditure Exception to Rebate. The Expenditure Amount for the First Expenditure Date is 15% of the Gross Proceeds, as specially modified by Treas. Reg. § 1.148-7(d)(3), of such obligations, the Expenditure Amount for the Second Expenditure Date is 60% of such modified Gross Proceeds and the Expenditure Amount for the Third Expenditure Date is 100% of the modified Gross Proceeds, except that if certain amounts are to be retained for a reasonable business purpose relating to the facilities being financed with the Proceeds of the obligations at the Third Expenditure Date, 95% may be used instead of 100%. If 95% (rather than 100%) is used at the Third Expenditure Date, then 100% of the modified Gross Proceeds must be spent by the Fourth Expenditure Date. For these purposes, a Reimbursement Allocation may be treated as an expenditure.

"Expenditure Date" means each date by which the Expenditure Amounts for Governmental Obligations must be spent, as provided in Treas. Reg. § 1.148-7(d)(1)(i). The First Expenditure Date for the obligations means the date that is six months after the Closing Date of the obligations, the Second Expenditure Date means the date that is one year after the Closing Date, the Third Expenditure Date means the date that is eighteen months after the Closing Date and the Fourth Expenditure Date means the date that is thirty months after the Closing Date.

"Federal Tax Status" means the classification of any Tax-Exempt Bond as a Qualified 501(c)(3) Bond.

"Federally-Guaranteed" means having the payment of any Debt Service of Governmental Obligations or any loan made with Proceeds of such obligations guaranteed, in whole or in part, directly or indirectly, by the United States or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

"Final Computation Date" means the Redemption Date of Governmental Obligations, but no earlier than eight months after the Closing Date of the obligations, unless the Governmental

Issuer, or the Conduit Borrower if applicable, reasonably expects that the Eighteen-Month Capital Expenditure Exception to Rebate or the Construction Expenditure Exception to Rebate will apply, in which event, it means the Final Expenditure Date or the Final Target Date for the obligations, if later than the Redemption Date of the obligations.

"Final Expenditure Date" means the Third or the Fourth Expenditure Date for Governmental Obligations, as may be applicable.

"Final Target Date" means the Fourth or the Fifth Target Date for Governmental Obligations, as may be applicable.

"501(c)(3) Organization" means an organization described in Section 501(c)(3) of the Code and determined by the Internal Revenue Service to be exempt from taxation under Section 501(a) of the Code.

"501(c)(3) User" means a 501(c)(3) Organization that uses facilities financed with the Proceeds of Qualified 501(c)(3) Bonds without being the owner of or being deemed the owner of such facilities.

"Future Value" means future value, as defined in Treas. Reg. § 1.148-3(c).

"GIC Computational Base" means the amount of Gross Proceeds of Governmental Obligations reasonably expected to be deposited, on the date the contract is acquired, over the term of the contract.

"Governmental Entity" means any State and any political subdivision and agency of any State.

"Governmental Facility" means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, if not more than 10% of such property is used by Private Users.

"Governmental Issuer" means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

"Governmental Obligation" means any debt obligation of a Governmental Entity.

"Gross Proceeds" means Proceeds and Replacement Proceeds, determined under Treas. Regs. §§ 1.148-1(b) and -1(c), of Governmental Obligations until spent.

"Guaranteed Investment Contract ("GIC")" means any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, as well as any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"Hedge" means any contract with respect to Governmental Obligations that creates an interest rate swap, an interest rate cap, the right to future delivery of Investment Property, or the

right to sell or buy either the obligations or Investment Property purchased with the Proceeds of such obligations, or other similar rights.

"Hedge Bond" means any Governmental Obligation that is described in Section 149(g)(3)(A) of the Code, or is a Refunding Bond of a Hedge Bond, or is a Refunding Bond of a Governmental Obligation issued before September 15, 1989 that has an average maturity date later than the average maturity date of the obligation being retired or redeemed or exceeds the amount of such obligation.

"Incentive Award" means a one-time single, stated dollar increase in the amount of the Periodic Fixed Fee during the term of a Service Contract, given when either a gross revenue target or a gross expense target (but not both) is met.

"Independent" means not being a shareholder, partner, member, director, trustee, officer, or employee of an entity.

"Installment Computation Date" means, generally, the date that is five years after the Closing Date of Governmental Obligations, unless an earlier date is chosen for this purpose, and thereafter, the date that is five years after the preceding Installment Computation Date, until the Final Computation Date for the obligations.

"Investment Proceeds" means any amounts actually or constructively earned or received from investing the Proceeds of Governmental Obligations in Investment Property.

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than any AMT Bond), annuity contract and other investment-type property.

"Issue Price" means, generally, the initial offering price to the public (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount (at least 10% of each maturity) of Governmental Obligations is sold, unless such obligations are sold to one purchaser that intends to hold the obligations for investment and not resale to the general public, and then the Issue Price means the Purchase Price paid by such purchaser.

"Jurisdiction" means City of Pekin, Illinois in the State of Illinois where the Project is located.

"Lessor" means Fifth Third Bank.

"Mandatory Redemption Provision" means a requirement that Governmental Obligations must be retired or redeemed no later than six months after the occurrence of a Non-Exempt Use of the Proceeds of the obligations or of any facilities financed with such Proceeds, if, on the Closing Date of such obligations, the Governmental Issuer and the Conduit Borrower or the 501(c)(3) User, as applicable, had Reasonable Use Expectations.

"Materially Higher Yield" means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11.

"Minor Portion" means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of such obligations, or (ii) \$100,000.

"Negative Pledge" means any agreement to maintain an amount of Investment Property at a particular level for the benefit, directly or indirectly, of any holder of Governmental Obligations or any guarantor of the obligations, except that any agreement under which the Governmental Issuer, or the Conduit Borrower if applicable, of the obligations can grant rights to the funds superior to the rights of any holder or guarantor of the obligations that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(A) or any agreement under which the amount to be maintained is reasonable and may be tested no more often than every six months and that meets the requirements of Treas. Reg. § 1.148-1(c)(3)(ii)(B), will not be treated as a Negative Pledge.

"Net Proceeds" means the Proceeds of Governmental Obligations less amounts thereof deposited in all Reasonably Required Reserve or Replacement Funds, if any, and for obligations issued before August 16, 1986, less the Costs of Issuance.

"Net Sale Proceeds" means the Sale Proceeds of Governmental Obligations less amounts thereof deposited in all Reasonably Required Reserve or Replacement Funds, if any, and less the Minor Portion.

"1954 Code" means the Internal Revenue Code of 1954, as amended through August 15, 1986, or as appropriate, to the date a particular debt instrument was issued.

"No-Arbitrage Certificate" means the "Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended," given by the Governmental Issuer with respect to Governmental Obligations, including certifications given with respect thereto by the Conduit Borrower or the 501(c)(3) User, as applicable, as well as purchasers or brokers of the obligations, including underwriters and placement agents.

"Non-Exempt Person" means any natural person and any entity that is not an Exempt Entity.

"Non-Exempt Use" means any Use of any Proceeds of Qualified 501(c)(3) Bonds or Qualified Pre-TRA Bonds or any Qualified 501(c)(3) Facilities that is not an Exempt Use. Non-Exempt Use does not include any Use of such facilities under a contract that satisfies the provisions of Subsection 2.05(c) and Subsection 2.05(d) of this Tax Regulatory Agreement.

"Non-Governmental Person" means any natural person and any entity, other than a Governmental Entity.

"Nonpurpose Investment" means any Investment Property other than a Purpose Investment.

"Nonqualified Portion" means the portion of Qualified 501(c)(3) Bonds no longer deemed to finance Qualified 501(c)(3) Facilities following any Change in Use of such facilities,

if the Nonqualified Portion is determined using the highest percentage of Non-Exempt Use in the one-year period commencing with the Change in Use.

"Periodic Fixed Fee" means a fixed dollar amount for a specified period of time, which may increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed.

"Permitted Carryover" means an amount that does not exceed the greater of the earnings on the Bona Fide Debt Service Fund for Governmental Obligations for the immediately preceding Bond Year or 1/12 of the Debt Service of the obligations for the immediately preceding Bond Year.

"Per-Unit Fee" means a fee for each service performed, if the fee is specified in the contract, or is determined by an Independent person or organization or by the Governmental Issuer or the Conduit Borrower, as applicable, which may also increase automatically, based on a specific, objective, external standard unrelated to the output or efficiency of the facility being managed.

"Pledged Fund" means any amount pledged, directly or indirectly, to pay Debt Service of Governmental Obligations, which provides reasonable assurance of such amounts being paid even if the Governmental Issuer or the Conduit Borrower or the 501(c)(3) User, as applicable, experiences financial difficulties. Pledged Funds include amounts subject to a Negative Pledge.

"Pre-TRA Bond" means any Governmental Obligation the interest on which was excludible from gross income for federal income tax purposes under Sections 103 or 103A of the 1954 Code.

"Private Activity Bond" means any Governmental Obligation if (i) there is more than 10% Private Use of the Proceeds of such obligations and more than 10% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of 5% of the Proceeds of the obligations or \$5,000,000 is used to make Private Loans; (iii) there is more than 5% Unrelated Private Use and more than 5% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use; or (iv) there is more than 5% Disproportionate Private Use and more than 5% of the principal of or interest on such obligations is secured or to be paid, either directly or indirectly with respect to property financed with the obligations that is used in a Disproportionate Private Use, all as described in Section 141 of the Code.

"Private Loan" means any loan, directly or indirectly, of any Proceeds of Governmental Obligations to any Non-Governmental Person.

"Private Sponsor" is any Non-Exempt Person that supports or sponsors research.

"Private Use" means the Use of any Proceeds of Governmental Obligations or any facilities financed with such proceeds by Private Users.

"Private User" means any Non-Governmental Person, other than a natural person not engaged in a trade or business.

"Proceeds" means all Sale Proceeds, Investment Proceeds and Transferred Proceeds of Governmental Obligations.

"Purchase Price" means fair market value, as provided in Treas. Reg. § 1.148-5(d).

"Purpose Investment" means any Investment Property acquired with Gross Proceeds of Governmental Obligations to carry out the governmental purpose for which the obligations were issued, as provided in Treas. Reg. § 1.148-1(b).

"Qualified Administrative Fee" means any reasonable, direct administrative cost, other than a carrying cost, such as a separately stated brokerage or selling commission, but does not include any legal or accounting fee, record keeping, custody or similar costs, or general overhead costs and similar indirect costs of the Governmental Issuer or the Conduit Borrower, if applicable.

"Qualified Alternative Use" means Use of Qualified 501(c)(3) Facilities by any Exempt Entity other than the Governmental Issuer or the Conduit Borrower or the original 501(c)(3) User, as applicable, following a Change in Use of the facilities in a manner that would qualify under any provision of Sections 103 and 141 through 150 of the Code, if all of the requirements of Treas. Reg. § 1.141-12(f) are satisfied and the acquisition is not financed with the Proceeds of an issue of Tax-Exempt Bonds other than such obligations or Refunding Bonds.

"Qualified Bonds" means the portion of outstanding bonds issued as Qualified 501(c)(3) Bonds that, if issued on the date on which a Change in Use occurs, would not satisfy the private business use test or private loan financing test, as applicable, as modified by Section 145 of the Code.

"Qualified Cash Defeasance" means the creation with the Disposition Cash remaining after being allocated to other Remedial Actions of a Yield-Restricted Escrow no later than ninety days after a Change in Use of a Qualified 501 Facility to defease a pro rata portion of the Qualified 501(c)(3) Bonds issued to finance such facility for retirement or redemption at the earliest call date available, if the Commissioner of the Internal Revenue Service is notified of the establishment of the Escrow Fund no later than ninety days after its creation.

"Qualified Cash Redemption" means the retirement or redemption, with the Disposition Cash remaining after being allocated to Qualified Replacements, if any, of a pro rata portion of the Nonqualified Portion of Qualified 501(c)(3) Bonds no later than ninety days after a Change in Use of a Qualified 501(c)(3) Facility financed with the Net Proceeds of such obligations. Although generally a pro rata portion of each maturity of the obligations must be retired or redeemed, the Governmental Issuer or the Conduit Borrower, as applicable, may instead retire or redeem any obligation so long as the weighted average maturity of the remaining obligations is not greater than the weighted average maturity of all the obligations immediately before the retirement or redemption of the Nonqualified Portion.

"Qualified Defeasance" means the creation of a Yield-Restricted Escrow no later than ninety days after a Change in Use of a Qualified 501(c)(3) Facility to defease the Nonqualified Portion of the Qualified 501(c)(3) Bonds issued to finance such facilities remaining after any Qualified Redemption for retirement or redemption at the earliest call date available, if the Commissioner of the Internal Revenue Service is notified of the establishment of the Escrow Fund no later than ninety days after its creation, and a Qualified Cash Defeasance.

"Qualified 501(c)(3) Bond" means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

"Qualified 501(c)(3) Facility" means any property owned by and used exclusively by one or more Exempt Entities for a purpose that would not be an activity that is an Unrelated Trade or Business financed or refinanced with Qualified 501(c)(3) Bonds or Qualified Pre-TRA Bonds.

"Qualified Guarantee Fee" means any expenditure incurred in connection with obtaining a qualified guarantee of Governmental Obligations, within the meaning of Treas. Reg. § 1.148-4(f).

"Qualified Private Activity Bond" means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

"Qualified Redemption" means (i) the retirement or redemption of the Nonqualified Portion of Qualified 501(c)(3) Bonds no later than ninety days after a Change in Use of a Qualified 501(c)(3) Facility financed with the Proceeds of the obligations, and (ii) a Qualified Cash Redemption. Although generally a pro rata portion of each maturity of the obligations must be retired or redeemed, the Governmental Issuer may instead retire or redeem any obligation so long as the weighted average maturity of the remaining obligations is not greater than the weighted average maturity of all the obligations immediately before the retirement or redemption of the Nonqualified Portion.

"Qualified Replacement" means the purchase, with Disposition Cash, of Replacement Property no later than two years after a Change in Use of a Qualified 501(c)(3) Facility, if any remaining Disposition Cash is used for a Qualified Cash Redemption or a Qualified Cash Defeasance.

"Reasonable Use Expectation" means the expectation, reasonably based on the facts known on the Closing Date of Governmental Obligations, that the facilities financed with the Proceeds of such obligations would be used as Qualified 501(c)(3) Facilities for a substantial period before any Non-Exempt Use, if neither the Governmental Issuer, nor the Conduit Borrower if applicable, enters into any arrangements with respect to such facilities with any Non-Exempt Person before such Closing Date.

"Reasonably Required Reserve or Replacement Fund" means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, or the Conduit Borrower if applicable, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. § 1.148-2(f).

"Rebate Amount" means the excess of the Future Value of "Receipts" over the Future Value of "Payments" (each as defined in the Treasury Regulations) from and for Nonpurpose Investments, under Treas. Reg. § 1.148-3(b). For this purpose, a "computation credit" of \$1,000 may be treated as a "Payment" made on the last date of each Bond Year during which there are Gross Proceeds of the Governmental Obligations invested that are subject to the rebate provisions of Section 148(f) of the Code and Treas. Reg. § 1.148-3.

"Rebate Analyst" means Bond Counsel or a nationally recognized Independent public accounting firm.

"Rebate Fund" means the Rebate Fund created and described in Subsection 2.10(c) hereof.

"Rebate Payment" means the amount of Required Rebate that must be remitted to the United States Treasury under the Code and Treasury Regulations thereunder, plus penalties and interest, if any.

"Redemption Date" means the date on which the final payment of Debt Service of Governmental Obligations is made, whether upon maturity, redemption or acceleration thereof.

"Refunded Bond Computation Date" means the Redemption Date of Governmental Obligations being retired or redeemed with the Proceeds of Refunding Bonds, but no earlier than eight months after the Closing Date of such obligations, unless the Governmental Issuer, or the Conduit Borrower if applicable, reasonably expects that the Eighteen-Month Capital Expenditure Exception to Rebate or the Construction Expenditure Exception to Rebate will apply to such obligations, in which event, it means the Final Expenditure Date or the Final Target Date, as applicable, if later.

"Refunding Bond" means any Governmental Obligation the Proceeds of which are used to pay Debt Service of or premium on another obligation of the obligor, including for this purpose a Conduit Borrower, if applicable, or of any Related Person, as provided in Treas. Reg. § 1.150-1(d).

"Refunding Fund" means an Escrow Fund established to pay Debt Service of, retire or redeem Governmental Obligations, into which Gross Proceeds of Refunding Bonds and other funds of the Governmental Issuer or the Conduit Borrower, if applicable, are deposited.

"Reimbursable Expenditure" means a Capital Expenditure paid with funds other than the Proceeds of Governmental Obligations, if the payments are made no earlier than sixty days before a Reimbursement Resolution is adopted or deemed adopted. Expenditures for Costs of Issuance paid before the Closing Date of Governmental Obligations and preliminary expenditures for a project, such as architectural and engineering studies, surveying, soil testing and other feasibility studies not in excess of 20% of the Issue Price of Governmental Obligations, and Capital Expenditures not in excess of the lesser of 5% of the issue or \$100,000 may also be treated as Reimbursable Expenditures.

"Reimbursement Allocation" means a written allocation of Proceeds of Governmental Obligations intended to reimburse the Governmental Issuer or the Conduit Borrower, as applicable, for Reimbursable Expenditures paid before the Closing Date of the obligations.

"Reimbursement Resolution" means a declaration of intent, under Treas. Reg. § 1.150-2, issued under the Code, by a Governmental Issuer or a 501(c)(3) Organization to finance Capital Expenditures with debt. For this purpose, the issuance of debt to finance specific facilities constitutes a Reimbursement Resolution, the date of adoption of which may be the Closing Date of such debt.

"Related Governmental Use" means any Use of Governmental Facilities by a Governmental Entity that is related to the Use of such facilities by a Private User.

"Related Person" means a "related person" within the meaning of Section 147(a)(2) of the Code and a "related party" within the meaning of Treas. Reg. § 1.150-1(b).

"Related Private Use" means any Private Use that is not Unrelated Private Use.

"Remedial Action" means a Qualified Alternative Use, a Qualified Defeasance, a Qualified Redemption and/or a Qualified Replacement, if the Remedial Action Conditions are satisfied.

"Remedial Action Conditions" means that (i) either (A) the Governmental Issuer, or the Conduit Borrower if applicable, expected on the Closing Date of Governmental Obligations that there would be no Non-Exempt Use of any facilities financed with the Proceeds of such obligations, or (B) the obligations were subject to a Mandatory Redemption Provision, (ii) the weighted average maturity of such obligations on their Closing Date is not greater than 120% of the average reasonably expected economic life of the facilities financed with such Proceeds, (iii) the Non-Exempt Use is granted at fair market value on bona fide, arm's length terms, and (iv) the Proceeds of the obligations were originally spent for an Exempt Use.

"Renewal Option" means a legally enforceable right to renew a contract.

"Replacement Proceeds" means amounts replaced by Proceeds of Governmental Obligations, including any sinking fund, Pledged Fund, Reasonably Required Reserve or Replacement Fund, or other funds that would be expected to be used to pay Debt Service of the obligations, within the meaning of Treas. Reg. § 1.148-1(c).

"Replacement Property" means any Qualified 501(c)(3) Facility.

"Required Rebate" means the amount determined by subtracting the Future Value, on each Computation Date for Governmental Obligations, of all Rebate Payments for the obligations previously made from (i) on an Installment Computation Date for the obligations, at least 90% of the Rebate Amount determined on that date, and (ii) on the Final Computation Date for the obligations, the Rebate Amount.

"Research Agreement" means an agreement between the Governmental Issuer, or the Conduit Borrower as applicable, and a Non-Exempt Person under which the Governmental

Issuer or the Conduit Borrower, if applicable, or the Non-Exempt Person uses any portion of Qualified 501(c)(3) Facilities to carry on research.

"Sale Date" means the first day on which the Governmental Issuer and the original purchasers of Governmental Obligations are bound, in writing, to the sale and purchase of such obligations on specific terms that are not later modified or adjusted.

"Sale Proceeds" means the Issue Price of Governmental Obligations, including amounts paid or deemed paid as underwriters' discount, but excluding amounts paid for interest accrued before the Closing Date of the obligations.

"Service Contract" means a contract between the Governmental Issuer or the Conduit Borrower, as applicable, and a Service Provider under which the Service Provider provides services involving any portion or function of a Qualified 501(c)(3) Facility.

"Service Provider" means any Non-Exempt Person that provides management or other services.

"SLGS" means any security that is part of the United States Treasury Obligation - State and Local Government Series.

"Spendable Proceeds" means Net Sale Proceeds of Governmental Obligations.

"State" means any state and possession of the United States of America and the District of Columbia.

"Sublessee" means the Sublessee, its successors and assigns and, as appropriate, its predecessors in interest.

"Target Date" means each of the dates by which the Construction Expenditure Amounts for Governmental Obligations must be spent. The First Target Date for such obligations is six months after the Closing Date of the obligations; the Second Target Date is one year after such Closing Date; the Third Target Date is eighteen months after such Closing Date; the Fourth Target Date is two years after such Closing Date and the Fifth Target Date is three years after such Closing Date.

"Tax-Exempt Bond" means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, under Sections 103 and 150(a)(6) of the Code; (ii) any Pre-TRA Bond; (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b); and (iv) any Demand Deposit SLGS.

"Transferred Proceeds" means any Proceeds of Governmental Obligations that become Proceeds of other Governmental Obligations, under Treas. Reg. § 1.148-9, following retirement or redemption of the former obligations.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department under the Code or the 1954 Code, as appropriate.

"United States" means the United States of America and any agency or instrumentality thereof.

"United States Treasury Obligation" means any Investment Property that is an obligation of the United States Treasury.

"Unrelated Person" means any person and any entity that is not a Related Person and is Independent.

"Unrelated Private Use" means any Private Use of Governmental Facilities not related to the Use by a Governmental Entity of the facilities.

"Unrelated Trade or Business" means a trade or business or similar activity carried on by a 501(c)(3) Organization that is unrelated to the exempt purpose of the 501(c)(3) Organization, within the meaning of Section 513 of the Code.

"Use" means (i) owning, (ii) leasing, (iii) managing or servicing, (iv) being entitled to the output of facilities financed with Governmental Obligations, or (v) having any other arrangement, agreement or understanding, whether written or oral, that (A) conveys special legal entitlements to any Non-Exempt Person with respect to such facilities, if available to the general public, or (B) conveys special economic benefits to any Non-Exempt Person with respect to such facilities if not available for Use by the general public. Use under contracts meeting the requirements of Rev. Proc. 93-19, 1993-1 C.B. 526 or Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39, 2001-28 I.R.B. 38, whichever is applicable, any applicable successor Revenue Ruling or Procedure or United States Treasury Regulation or use under research agreements meeting the requirements of Rev. Proc. 97-14, 1997-1 C.B. 634, or any applicable successor Revenue Procedure or United States Treasury Regulation does not constitute Use. Use by a natural person as an employee for federal income tax purposes of a user does not constitute Use.

"Yield" means that discount rate which, when computing the present value of all payments of Debt Service to be made on an obligation, produces an amount equal to, in the case of Governmental Obligations, their Issue Price, and in the case of any Investment Property purchased with the Gross Proceeds of Governmental Obligations, its Purchase Price, under Treas. Regs. §§ 1.148-4 and -5.

"Yield Reduction Amount" means, beginning on the second Installment Computation Date for Governmental Obligations and then on each Installment Computation Date for the obligations thereafter, at least 90% of the excess of the Future Value of "Receipts" over the Future Value of "Payments" (each as defined in the Treasury Regulations) from and for Eligible Yield-Restricted Proceeds of the obligations invested at a Materially Higher Yield, less the Future Value of any previously paid Yield Reduction Payments for the obligations and, on the Final Computation Date for the obligations, 100% of the excess of the Future Value of "Receipts" over the Future Value of "Payments" (each as defined in the Treasury Regulations) from and for Eligible Yield-Restricted Proceeds of the obligations invested at a Materially Higher Yield, less the Future Value of any previously paid Yield Reduction Payments. For this

purpose, the Future Value of the Receipts may be discounted at a Yield that is not a Materially Higher Yield.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount for Governmental Obligations made to the United States Treasury under Treas. Reg. § 1.148-5(c) with respect to Eligible Yield-Restricted Proceeds of such obligations invested at a Materially Higher Yield.

"Yield-Restricted Escrow" means Investment Property held in an Escrow Fund that, either together, or if Treas. Reg. § 1.148-10(b) applies, individually, may not be invested at a Materially Higher Yield, under Treas. Reg. § 1.148-2.

"Yield-Restricted Investment Computational Base" means the initial amount of Gross Proceeds of Governmental Obligations invested in the Investment Property.

"Yield-Restricted Proceeds" means any Gross Proceeds of Governmental Obligations that may not be invested at a Materially Higher Yield, under Section 148 of the Code.

Section 1.02. Interpretative Rules. For all purposes of this Tax Regulatory Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) "This Tax Regulatory Agreement" means this instrument as originally executed and as it may from time to time be supplemented or amended under the applicable provisions hereof.

(b) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof," "hereunder" and "herewith" and other words of similar import refer to this Tax Regulatory Agreement as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles ("GAAP"); any calculation made in accordance with GAAP will be made under GAAP as in effect on the Obligations Closing Date or under GAAP in effect at the date of such calculation, as directed by the Sublessee, unless the Code requires otherwise.

(e) The terms defined elsewhere in this Tax Regulatory Agreement have the meanings therein prescribed for them.

(f) The headings used in this Tax Regulatory Agreement are for convenience of reference only and do not define or limit the provisions hereof.

END OF ARTICLE I

ARTICLE II

REPRESENTATIONS OF THE LESSEE AND SUBLESSEE AND ACKNOWLEDGMENTS BY, DIRECTIONS TO AND FROM THE LESSEE, THE SUBLESSEE AND THE LESSOR

Section 2.01. Organization and Authority of Pekin Memorial Hospital. The Sublessee represents for the benefit of the Lessee and the Lessor that:

(a) Name. Its legal name is Pekin Memorial Hospital and it is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, authorized to do business in the State of Illinois and authorized to do business in any other state or jurisdiction where necessary to conduct its business.

(b) 501(c)(3) Status. It is a 501(c)(3) Organization and it will continue to maintain this status while any Obligation remains outstanding.

(c) Address. Its address is 600 South 13th Street, Pekin, Illinois 61554.

Section 2.02. Separate Issue.

(a) Lessee Representation. The Lessee represents that it has not sold any obligations, nor does it expect to sell any obligations, other than the Obligations, within fifteen days before or after the Sale Date of the Obligations, under the same plan of refinancing as the Prior Obligations or under the same plan of financing for the Project or any related facilities, which are payable from substantially the same source of funds as the Obligations.

(b) Sublessee Representation. The Sublessee represents that neither it nor any Related Person to itself has borrowed any Proceeds of any Tax-Exempt Bonds sold by any Governmental Issuer, nor does it expect to borrow any such Proceeds, other than Proceeds of the Obligations, within fifteen days before or after the Sale Date of the Obligations, under the same plan of refinancing as the Prior Obligations or under the same plan of financing for the Project or related facilities, which are payable from substantially the same source of funds as the Obligations.

Section 2.03. General Covenant. The Lessee and the Sublessee each represents that it will not take any action or omit to take any action or permit another person or entity to take any action or omit to take any action if such action or omission would cause the Obligations to be treated as other than Qualified 501(c)(3) Bonds or would otherwise cause the interest on the Obligations to be includable in the gross income of the holders of the Obligations for federal income tax purposes or to be treated as a specific item of tax preference under Section 57 of the Code. The Lessee and the Sublessee each acknowledges that this Tax Regulatory Agreement is entered into for the benefit of the holders of the Obligations.

Section 2.04. Use of Bond Proceeds. The Lessee and the Sublessee each represents that:

(a) Purpose Loan. Under the Master Lease, all of the Proceeds of the Obligations will be used to make the Purpose Loan to the Sublessee.

(b) Expenditure of Proceeds.

(i) The Obligations. The Proceeds of the Purpose Loan will be used no later than ninety days after the Obligations Closing Date to pay Debt Service of, retire or redeem the Prior Obligations.

(ii) The Prior Obligations. The Prior Obligations were issued to acquire an MRI business enterprise located in Pekin, Illinois, located within the Jurisdiction of the Lessee, which are reasonably expected to be placed in service no later than three years after the Closing Date of the Prior Obligations (the "Prior Obligations Closing Date").

(iii) Expenditure Expectations. The Sublessee represents that it will incur within six months of Closing Date a substantial binding commitment to expend at least five percent (5%) of the Net Sale Proceeds of the Obligations for the new money portion of the Project and acquisition of the new money portion of the Project will commence promptly. It expects that it will expend at least eighty-five percent (85%) of the Net Sales Proceeds of the new money portion of the Project within three years of the Closing Date. The acquisition of the new money portion of the Project will proceed with due diligence to completion and the Proceeds will be spent on the new money portion of the Project with due diligence on or before a date that is within three years of the Closing Date. The total amount of Sale Proceeds, together with Investment Proceeds, of the Obligations will not exceed the amount necessary for the new money portion of the Project, including, to the extent permitted, issuance expenses and interest during construction.

(c) Use of Proceeds of Obligations. Not more than 5% of the Net Proceeds of the Obligations, treating the Obligations as having been issued on the first day of the Measurement Period, will be used for Non-Exempt Use if more than 5% of either the principal of or interest on the Obligations is secured or to be paid, either directly or indirectly, by any Non-Exempt Person. Not more than the lesser of 5% of the Proceeds of the Obligations or \$5,000,000 may be used for a Private Loan.

(d) Retirement or Redemption Requirement. A portion of the Proceeds of the Obligations will be used to pay Debt Service of, retire or redeem the Prior Obligations no later than ninety days after the Obligations Closing Date.

(e) Reimbursement Allocations. No Reimbursement Allocation will be made with the Proceeds of the Obligations for Capital Expenditures that were paid prior to sixty (60) days before the earlier of the date on which the Lessee or the date on which the Sublessee adopted a Reimbursement Resolution authorizing the issuance of debt to finance the Project, except that expenditures for Costs of Issuance, subject to the limitation stated in Section 2.11, paid before the Closing Date of the Obligations, certain preliminary Capital Expenditures not in excess of twenty percent (20%) of the Issue Price of the Obligations and an amount of Capital Expenditures not in excess of the lesser of five percent (5%) of the issue or \$100,000 may receive a Reimbursement Allocation even if the expenditure was paid more than sixty (60) days prior to the date of adoption of the Reimbursement Resolution described herein and even if the allocation would not otherwise qualify as a Reimbursement Allocation.

(f) Prohibited Uses of the Proceeds. None of the Proceeds of the Obligations will be, nor any of the Prior Obligations were used to finance or refinance any airplane, skybox or other private luxury box, health club facility not related to the exempt purpose of the Sublessee, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(g) Date of Expenditures. At least 95% of the Proceeds of the Obligations will refinance Capital Expenditures incurred after August 5, 1997.

Section 2.05. Ownership and Use of Project. The Sublessee represents or acknowledges that:

(a) Ownership of Project.

(i) Ownership. It owns the Project being financed and refinanced with the Net Proceeds of the Obligations;

(ii) Future Ownership. The Project will be owned by an Exempt Entity for the entire stated term of the Obligations or the Obligations are subject to a Mandatory Redemption Provision; and

(iii) No Plan to Sell. It does not presently expect to sell or otherwise dispose of any portion of the Project before the final maturity date of the Obligations.

(b) The Project.

(i) Use. The Project, which is further described in the Master Lease and in the loan agreements for the Prior Obligations, consists of an MRI business enterprise, building improvements, and the acquisition of other hospital facilities, including (without limitation) hospital equipment.

(ii) Non-Exempt Use. Not more than 5% (less any percentage attributable to Proceeds expended on Costs of Issuance) of the Use of the Project will be Non-Exempt Use if more than 5% of either the principal of or interest on the Obligations is secured or to be paid, either directly or indirectly, by any Non-Exempt Person.

(c) Service Contracts.

(i) Post-May 15, 1997 Contracts and Modifications. It will not enter into, materially modify or extend (other than under a Renewal Option existing on May 15, 1997) a Service Contract with any Service Provider to manage, provide services in, or otherwise use the Project unless:

(A) Reasonable Compensation. The compensation is reasonable for the services rendered by the Service Provider and the Service Contract does not provide for any compensation based, in whole or in part, on a share of net profits from the operation of the Project.

(B) Compensation Arrangements. The compensation arrangement during each annual period during the term of the Service Contract complies with the terms of Subparagraph (i)(B)(I), (II), (III) or (IV) of this Paragraph:

(I) Fixed Fee.

(a) 95% Fixed. At least 95% of the consideration for services is based on a Periodic Fixed Fee, which may include an Incentive Award, the term (including Renewal Options) of such Service Contract does not exceed the lesser of 80% of the expected useful life of the Project or fifteen years;

(b) 80% Fixed. At least 80% of the consideration for services is based on a Periodic Fixed Fee, which may include an Incentive Award, the term (including Renewal Options) of such Service Contract does not exceed the lesser of 80% of the expected useful life of the Project or ten years; or

(c) 50% Fixed. At least 50% of the consideration for services is based on a Periodic Fixed Fee, the term (including Renewal Options) of such Service Contract does not exceed five years and the contract includes a Cancellation Right at the end of the third year of the Service Contract;

(II) Capitation Fee. More than 50% of the consideration for services is based on a Capitation Fee and any remaining consideration is based on a Periodic Fixed Fee, the term (including Renewal Options) of such Service Contract does not exceed five years and the contract includes a Cancellation Right at the end of the third year of the Service Contract;

(III) Per-Unit Fee. More than 50% of the consideration for services is based on a Per-Unit Fee and any remaining consideration is based on a Periodic Fixed Fee, the term (including Renewal Options) of such Service Contract does not exceed three years, and the contract includes a Cancellation Right at the end of the second year of the Service Contract; or

(IV) Percentage Fee. All the consideration for services is a percentage of fees charged or costs incurred (but not both) or is a combination of a percentage of fees charged or costs incurred and Per-Unit Fees, the term (including Renewal Options) of such Service Contract does not exceed two years and the contract includes a Cancellation Right at the end of the first year of the Service Contract; but only if the agreement is one under which the Service Provider primarily provides services to third parties, or one that involves a facility during an initial startup period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues

and expenses, during which time, the consideration may be based on a percentage of gross revenues, adjusted gross revenues or costs.

(C) Control. Not more than 20% of the voting power of the governing body of the Sublessee, in the aggregate, is vested in the Service Provider or in the Service Provider's directors, officers, shareholders and employees. Additionally, the respective chief executive officers of the Sublessee and the Service Provider and of the governing bodies of the Sublessee and the Service Provider will not serve on the governing body of the other and the Sublessee and the Service Provider are not members of the same controlled group, as defined in Treas. Reg. § 1.150-1(e) or Related Persons; and

(D) Exception. Agreements that do not satisfy Subparagraphs (i)(A) – (C) of this Subsection or Rev. Proc. 97-13, 1997-1 C.B. 632, as modified by Rev. Proc. 2001-39, 2001-28 I.R.B. 38, may be entered into if the Sublessee delivers to the Lessee and the Lessor an opinion of Bond Counsel that such agreement will not adversely affect the Federal Tax Status of the Obligations; and

(ii) Pre-May 16, 1997 Contracts. Any Service Contract entered into before May 16, 1997 satisfies the provisions of either Rev. Proc. 93-19, 1993-1 C.B. 526 or Subparagraph (i) of this Paragraph or the Sublessee has provided to the Lessee and the Lessor an opinion of Bond Counsel that the existing Service Contract will not adversely affect the Federal Tax Status of the Obligations.

(d) Research Agreements.

(i) Post-May 15, 1997 Research Agreements and Modifications. It will not enter into, materially modify or extend (other than under a Renewal Option, existing on May 15, 1997) a Research Agreement, unless:

(A) One Private Sponsor. The Research Agreement is for Basic Research and the Private Sponsor may use or license, whether or not on an exclusive basis, any resulting technology only on the same terms as the Sublessee would permit any unrelated Non-Exempt Person to use the resulting technology, determined at the time of Use; or

(B) Multiple Private Sponsors. The Research Agreement is for Basic Research, performed under the sole direction of the Sublessee, with title to any resulting technology remaining with the Sublessee. Any Use of such technology by the Private Sponsors may be under no more than a nonexclusive, royalty free-license; or

(C) Exception. Any agreements that do not satisfy Subparagraph (i) or (ii) of this Paragraph or Rev. Proc. 97-14, 1997-1 C.B. 634, may be entered into, if the Sublessee delivers to the Lessee and the Lessor an opinion of Bond Counsel that to do so would not adversely affect the Federal Tax Status of the Obligations; and

(ii) Pre-May 16, 1997 Research Agreements. Any Research Agreement entered into before May 16, 1997 satisfies Subparagraph (i) of this Paragraph or the Sublessee has given the Lessee an opinion of Bond Counsel that the existing Research Agreement will not adversely affect the Federal Tax Status of the Obligations.

Section 2.06. Change in Use or User of Project. The Sublessee represents or acknowledges that:

(a) Sales, Exchanges and Other Dispositions. No part of the Project will be sold, exchanged or otherwise disposed of unless the Lessee or the Sublessee obtains an opinion of Bond Counsel satisfactory to the Lessee and the Lessor either that any such sale, exchange or other disposition will not constitute a Change in Use or otherwise adversely affect the Federal Tax Status of the Obligations, or alternatively, that the requirements for a Remedial Action will be satisfied. If any portion of the Project is not owned at all times in its entirety by an Exempt Entity, no deduction will be allowed for interest on the Obligations or the Purpose Loan that accrues during the period beginning on the date the portion of the Project is not so owned and ending on the date that portion of the Project is so owned. The deduction will not be permitted following a Change in Use even if a Remedial Action is satisfied until the Nonqualified Portion is retired or redeemed, unless such redemption occurs no later than ninety days after the Change in Use, or, if the Disposition Proceeds are used for another Qualifying Purpose, until all such Proceeds are so used, unless such Proceeds are expended no later than ninety days after the change.

(b) Change in Use. Use of the Project, including under any lease, by any person or entity other than itself will not be permitted unless the Lessee or the Sublessee obtains an opinion of Bond Counsel satisfactory to the Lessee and the Lessor either (i) that such Use will not constitute a Change in Use or otherwise adversely affect the Federal Tax Status of the Obligations, or alternatively, (ii) that the requirements for a Remedial Action will be satisfied. If any portion of the Project is no longer used by any Exempt Entity for a purpose for which the Obligations could have been issued on the Obligations Closing Date then, in addition to any adverse effect on the Federal Tax Status of the Obligations, any 501(c)(3) Organization owning that portion of the Project will be treated as using such portion in an Unrelated Trade or Business. The amount of gross income attributable to such portion for any period will not be less than the fair rental value of the portion for such period. Any such Change in Use will result in the disallowance of deductions for interest payments on the Obligations with respect to the portion of the Project used in the Unrelated Trade or Business for the period of such Use. The deduction will not be permitted following a Change in Use even if a Remedial Action is satisfied until the Nonqualified Portion is retired or redeemed, unless such redemption occurs no later than ninety days after the Change in Use, or, if the Disposition Proceeds are used for another Qualifying Purpose, until all such Proceeds are so used, unless such Proceeds are expended no later than ninety days after the change.

(c) Agreement of New User. Before the sale, exchange or other disposition of the Project or any other Use of the Project by any person or entity other than itself, and assuming that the requirements of the other paragraphs of this Section are satisfied, the Lessee or the Sublessee will require that the new user, in connection with the sale, exchange, other disposition

or other Use, agree not to use that portion of the Project in any manner which would violate the covenants set forth in this Tax Regulatory Agreement.

Section 2.07. Maturity Limitation. The Sublessee represents that the weighted average maturity of the Obligations, set forth in *Exhibit B* hereto, satisfies the requirements of Section 147(b) of the Code, as set forth in *Exhibit A* hereto.

Section 2.08. Investment Restrictions. The Lessee and the Sublessee each represents and the Lessee, the Lessor and the Sublessee each acknowledges, that:

(a) General. The Federal Tax Status of the Obligations depends, in part, upon compliance with the limitations relating to investment of the Proceeds of the Obligations, which are imposed by Sections 103(b)(2) and 148 of the Code. The Lessee hereby directs the Sublessee, and the Sublessee agrees, to take all actions necessary to comply with these requirements. At no time will any of the Proceeds of the Obligations or other funds of the Lessee or the Sublessee be intentionally used, directly or indirectly, to acquire any Investment Property, the acquisition of which would cause any of the Obligations to be Arbitrage Bonds. All acts and things necessary to assure that the requirements of Sections 103(b)(2) and 148 of the Code are met will be done or not done, as appropriate, including instructing the Lessor in writing to take such action or actions as may be necessary to comply with all the requirements of Section 148(a) of the Code and the Treasury Regulations thereunder, and the Lessor will act in accordance with such instructions.

(b) Limitation on Yield. The investment Yield limitations of the Code and Treasury Regulations, set forth in the No-Arbitrage Certificate, will be complied with and at no time will the Gross Proceeds of the Obligations, not including the Minor Portion, but including any Disposition Proceeds, be invested at a Materially Higher Yield, except during an Applicable Temporary Period or as otherwise permitted by the Code and the Treasury Regulations thereunder. If any amount of Gross Proceeds of the Obligations is still invested at a Materially Higher Yield after the expiration of the Applicable Temporary Period, Yield Reduction Payments will be made if necessary.

(c) Yield on the Purpose Loan. The Yield on the Purpose Loan will not exceed the Yield on the Obligations by more than 0.00125.

(d) Reasonably Required Reserve or Replacement Funds. All reserve or replacement funds (if any) for the Obligations will be Reasonably Required Reserve or Replacement Funds and not more than 10% of the Sale Proceeds will be used to fund such funds. Either the amount in all Reasonably Required Reserve or Replacement Funds for the Obligations, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement, will not exceed the least of (i) 10% of the stated principal amount of the Obligations, (ii) the maximum annual Debt Service of the Obligations, or (iii) 125% of average annual Debt Service of the Obligations, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits will not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), appropriate Yield Reduction Payments will be timely made.

(e) Bona Fide Debt Service Funds. Any amount deposited into a Bona Fide Debt Service Fund will not be invested at a Materially Higher Yield for longer than thirteen months after the date of deposit into such fund.

(f) Hedge Bond Restriction.

(i) The Obligations. Not more than 50% of the Sale Proceeds of the Obligations will be invested in any Nonpurpose Investments having a substantially guaranteed Yield for four or more years.

(ii) The Prior Obligations. At the time the Prior Obligations were issued, the Lessee certified that it expected that not more than 50% of the Proceeds of such obligations would be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Not more than 50% of such Proceeds is so invested.

(g) Investment in Federally-Guaranteed Securities. Not more than 5% of the Proceeds of the Obligations will be used to purchase any Investment Property that is Federally-Guaranteed.

(h) Duty of the Lessor. Notwithstanding the foregoing, the Lessor will not be required to take any action which, in its judgment, diminishes the security of the holders of the Obligations, if the Lessor obtains an opinion of Bond Counsel that failing to take such action would not adversely affect the Federal Tax Status of the Obligations.

Section 2.09. Purchases of Investment Property and Records. The Lessee, the Sublessee and the Lessor each represents that:

(a) Purchase of Investment Property.

(i) In General. All Investment Property acquired with Gross Proceeds of the Obligations will be acquired and disposed of on established markets in arms'-length transactions at prices equal to fair market value and no amounts have been or will be paid to reduce the Yield on such Investment Property;

(ii) Purchases of Certificates of Deposit, Guaranteed Investment Contracts and United States Treasury Obligations. Certificates of Deposits ("CD's"), Guaranteed Investment Contracts ("GIC's") and United States Treasury Obligations ("Treasuries") will be purchased only if the following requirements, in addition to the requirements of Sub-paragraph (i) of this Paragraph, are satisfied, unless the Sublessee obtains an opinion of Bond Counsel that another method of establishing fair market value will not adversely affect the Federal Tax Status of the Obligations:

(A) Certificate of Deposit. CD's will be purchased or sold only if:

(I) Maker. The CD is issued by a commercial bank;

(II) Terms. The CD has a fixed interest rate, a fixed principal payment schedule and a substantial penalty for early withdrawal; and

(III) Yield. The Yield on the CD is not less than:

(a) United States Obligations. The Yield on a reasonably comparable direct obligation of the United States; and

(b) Comparable Commercial CD's. The highest Yield published or posted by the seller for comparable CD's offered to the public;

(B) Guaranteed Investment Contracts. GIC's will be purchased only if:

(I) Competitive Bids. A bona fide solicitation for the GIC with specified terms, in writing, is made to at least three reasonably competitive providers, each with an established industry reputation;

(II) Bid Specifications. The bid specifications include all material terms, including the reasonably expected draw-down schedule for the funds being invested, exclusive of amounts in any Bona Fide Debt Service Fund or Reasonably Required Reserve or Replacement Fund, and all terms are commercially reasonable, with a legitimate business purpose other than to increase the Purchase Price or reduce the Yield;

(III) No Tie-In. The bid specifications notify the bidders that any bidder will be treated as representing to the Lessee that it has not consulted with any other bidder, that its bid is made without regard to any other agreement, formal or informal, with any person, including the Lessee, and that its bid is genuine and not a mere courtesy bid to enable the Lessee to comply with Treas. Reg. § 1.148-5(d)(6)(iii)(B);

(IV) No Second Look. All bidders have an equal opportunity to bid and no bidder is given the opportunity to review the bid made by any other bidder;

(V) Bids. At least three bids responding to bid solicitations that meet the requirements of Subparagraph (II) of this Subsection are received from different providers of GIC's with no material financial interest, directly or indirectly, in the Obligations and at least one of these bids is from a reasonably competitive provider, as described in Subparagraph (I) of this Subsection and none are received from any agent conducting the bidding. For this purpose, the financial advisors of the Lessee with respect to the purchase of the GIC and, for fifteen days after the Obligations Closing Date, a lead underwriter in a negotiated underwriting are all deemed to have a material financial interest in the issue;

(VI) Highest Yield. The Yield (determined net of broker's fees) on the GIC purchased is the highest Yield of the qualifying bids;

(VII) Bidding Fee. The amount of the fee charged by the bidding agent for the GIC that will be treated as a Qualified Administrative Fee in determining the Yield on the GIC is limited to a reasonable amount, as described in Treas. Reg. § 1.148-5(e)(2)(i), issued under the Code, but no more than 0.20% of the GIC Computational Base, with a maximum of \$32,000 and a minimum of \$3,000, only if the total fees for all such investments made with the Proceeds of the Obligations do not exceed \$90,000. The amounts specified herein are subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B);

(VIII) Administrative Costs. The provider of the GIC certifies the administrative costs incurred in connection with the GIC reasonably expected to be paid to third parties; and

if: (C) United States Treasury Securities. Treasuries will be purchased only

(I) Direct Purchases. The Treasuries are purchased directly from the United States Treasury (such as SLGS); or

(II) Other Purchases. The Treasuries will be used for Yield-Restricted Escrows and the purchase complies with the following:

(a) GIC Bid Rules. The Bid meets the requirements of Subparagraphs (a)(ii)(B)(I) and (II) of this Paragraph, except that the bid does not need to specify an expected draw-down schedule;

(b) Cost. The Purchase Price of the Treasuries:

(i) Lowest Cost. Is either the lowest cost bid for the entire portfolio or the lowest aggregate cost, determined on a security-by-security basis;

(ii) Seller Payments. Is reduced by any payments made by the seller of the Treasuries to the Lessee; and

(iii) Comparison to SLGS. Is not greater than the cost of the most efficient portfolio comprised of SLGS determined at the time of the bid submission, unless SLGS are not then available; and

(c) Bidding Fee. The amount of the fee charged by the bidding agent that will be treated as a Qualified Administrative Fee in determining the Yield on Treasuries not purchased directly from the United States Treasury is limited to a reasonable amount, as

described in Treas. Reg. § 1.148-5(e)(2)(i), issued under the Code, but no more than 0.20% of the Yield-Restricted Investment Computational Base, with a maximum of \$32,000 and a minimum of \$3,000, if the total fees for all such investments made with the Proceeds of the Obligations do not exceed \$90,000. The amounts specified herein are subject to change under the cost of living adjustment provisions of Treas. Reg. § 1.148-5(e)(2)(iii)(B).

(b) Records.

(i) Record Keeping. The Sublessee and the Lessor will keep:

(A) In General. Proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the money related to the Obligations, including money derived from, pledged to or to be used to make payments on the Obligations. Such records will specify the account or fund to which each investment (or portion thereof) held by the Lessor is to be allocated and will set forth, in the case of every Investment Property, (I) the Purchase Price; (II) identifying information, including par amount, coupon rate and payment dates; (III) the amount received at maturity or the sale price, as the case may be, including accrued interest; (IV) the amounts and dates of any payments made with respect thereto; and (V) the dates of acquisition and disposition, which will be the date of purchase or sale, not the settlement date or maturity date, as applicable;

(B) GIC's. Copies of the GIC contract and the bid solicitation, any deviation from specifications that is accepted or amendment to the bids received, and the reasons for such changes, and every bid submitted, including the name of the person and entity submitting the bid, the time and date of the bid and the bid results; and

(C) Treasuries. Copies of the bid solicitation form, any deviation from the specifications that is accepted or amendment to the bids received and the reasons for such changes, and every bid submitted, including the name of the person and entity submitting the bid and the cost of the most efficient portfolio of SLGS, unless SLGS were not then available, for Treasuries not purchased directly from the United States Treasury that will be included in a Yield-Restricted Escrow or that are otherwise purchased with Yield-Restricted Proceeds; and

(ii) Retention. The Lessor and the Sublessee will keep all records described in this Section, including all purchases of Investment Property made with the Gross Proceeds of the Obligations and dispositions of such property, as well as all disbursements of the Proceeds of the Obligations for at least six years after the Redemption Date of the Obligations.

Section 2.10. Arbitrage Compliance Payments. The Lessee and the Sublessee each represents that:

(a) Covenant Regarding Rebate of Arbitrage. The provisions of Section 148(f) of the Code, as reflected in this Section with respect to rebate to the United States Treasury of certain arbitrage earnings, will be complied with and all Arbitrage Compliance Payments will be paid to the United States Government, as provided in the Code and Treasury Regulations thereunder.

(b) Administration of Rebate Fund. The Sublessee will be required to establish with the Lessor (or another financial institution with trust powers) (i) the Rebate Fund established by this Tax Regulatory Agreement; (ii) invest all amounts held therein as provided in the Master Lease; (iii) deposit moneys into or transfer moneys out of the Rebate Fund, as set forth herein; and (iv) remit part or all of the balances in the Rebate Fund to the United States Government, as set forth herein.

(c) Timing and Method of Determination of Arbitrage Compliance Payments. The Sublessee will determine, on behalf of the Lessee and at the expense of the Sublessee, any Arbitrage Compliance Payments owed, in the following manner:

(i) Installment Computation Date. The Sublessee will select the initial Installment Computation Date for the Obligations before the date that is five years after the Obligations Closing Date and give reasonable notice of such selection to the Lessor.

(ii) Collection of Records. The Sublessee hereby directs the Lessor (or shall direct a financial institution with trust powers) to assemble the investment records for the Gross Proceeds of the Obligations, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement, for the relevant Computation Period, no later than ten days after each Installment Computation Date and the Final Computation Date for the Obligations and give the information to the Rebate Analyst no later than twenty days after each Installment Computation Date and the Final Computation Date for the Obligations. Such records will comply with the requirements of Section 2.09 hereof;

(iii) Calculation of Arbitrage Compliance Payments. The Sublessee will direct the Rebate Analyst to calculate the Rebate Amount, the Required Rebate, the Yield Reduction Amount and the Arbitrage Compliance Payment (the "Arbitrage Compliance Amounts") no later than forty days after each Installment Computation Date and the Final Computation Date for the Obligations. In determining the Rebate Amount:

(A) Sale of Rights. The sale after the Obligations Closing Date of any right to redeem the Obligations could affect the Yield in determining the Rebate Amount;

(B) Debt Service Funds. No amount in any Bona Fide Debt Service Fund will be included in Gross Proceeds of the Obligations if:

(I) Average Annual Debt Service. The average annual Debt Service of the Obligations does not exceed \$2,500,000; or

(II) Annual Earnings. For any particular Bond Year, the Investment Proceeds earned on all Bona Fide Debt Service Funds, collectively, during that Bond Year are less than \$100,000; and

(C) Six-Month Expenditure Exception. No Gross Proceeds, as modified by Treas. Reg. § 1.148-7(c)(3), of the Obligations need be included if such modified Proceeds are expended no later than six months after the Obligations Closing Date or no later than twelve months after such date for the amounts described in Section 148(f)(4)(B)(ii); and

(iv) Submission to Lessor. No later than forty-five days after each Installment Computation Date and the Final Computation Date for the Obligations, the Sublessee will give the Lessor the calculations of the Arbitrage Compliance Amounts for the Obligations.

(d) Arbitrage Compliance Payments.

(i) Deposit of Arbitrage Compliance Payments. At the same time as the Arbitrage Compliance Amounts for the Obligations are given to the Lessor (or another financial institution with trust powers), the Sublessee will direct the Lessor (or another financial institution with trust powers) to deposit money in an amount equal to the Arbitrage Compliance Payment, less the sum of any existing balances in the Rebate Fund, to the Rebate Fund from moneys on hand and available for such purpose under the Master Lease, or if no moneys are available therein, request in writing an immediate deposit from the Sublessee equal to the amount otherwise required to be deposited under this subparagraph; or

(ii) Excess Amounts. If there is no Arbitrage Compliance Payment due and the Arbitrage Compliance Amounts are negative, transfer any amount then held in the Rebate Fund as provided in the Master Lease; and

(iii) Payment to United States Treasury. No later than sixty days after each Installment Computation Date and the Final Computation Date for the Obligations, the Sublessee will remit an amount equal to the Arbitrage Compliance Payment for the Obligations to the United States Government at the office of the Internal Revenue Service prescribed by the Treasury Regulations or the Commissioner of the Internal Revenue Service. Such remittances will be accompanied by any form or forms required to be submitted with such remittance, which may include (i) a statement summarizing the determination of the amount required to be paid under this Section and (ii) Internal Revenue Service Form 8038-T or such other forms as may be required.

(e) Arbitrage Compliance Payment for the Prior Obligations. The Sublessee must determine whether any Arbitrage Compliance Payment is owed with respect to Investment Property allocable to the Gross Proceeds of the Prior Obligations, using the methodology described in Subsections (a) – (d) of this Section, and remit any Arbitrage Compliance Payments for the Prior Obligations to the United States Treasury no later than sixty days after the Refunded Bond Computation Date for the Prior Obligations.

Section 2.11. Public Approval Requirements. The Sublessee represents that:

(a) The Obligations.

(i) Notice. Notice for a public hearing with respect to the Obligations was published in the *Peoria Journal Star* on May 10, 2007 and such notice apprised the residents of the affected governmental units of the proposed issuance of the obligations.

(ii) Public Hearing. A public hearing was held on May 29, 2007 with respect to the Obligations by and before the Lessee and such public hearing was conducted in a manner which provided a reasonable opportunity for persons with differing views on the issuance of the obligations to be heard.

(iii) Approved Amount. The applicable elected representative of the Lessee approved a maximum of \$2,500,000 for the Obligations.

Section 2.12. Cost of Issuance Limitation. The Lessee and the Sublessee each represents that no Proceeds of the Obligations in excess of 2% of the Sale Proceeds of the Obligations will be expended for Costs of Issuance.

Section 2.13. Security. The Lessee and the Sublessee each represents that:

(a) Source of Payments. Not more than 5% of either principal of or interest on the Obligations is secured, directly or indirectly, by any interest in property used or to be used by any Non-Exempt Person or by any payment in respect of property used or to be used by any Non-Exempt Person, and not more than 5% of either principal of or interest on the Obligations will be derived from payments (whether or not to or by the Sublessee) in respect of property, or borrowed money, used or to be used by any Non-Exempt Person that directly or indirectly is using any property financed with the Proceeds of the Obligations.

(b) No Federal Guarantee. No portion of the Debt Service of the Obligations is directly or indirectly Federally-Guaranteed.

Section 2.14. Information Reporting Requirements. The Lessee represents that it will timely execute and deliver to the Sublessee, and the Sublessee represents that it will timely file, all information reports (Form 8038) for the Obligations required under Section 149(e) of the Code.

Section 2.15. \$150,000,000 Limitation. The Sublessee represents that the Prior Obligations Closing Date occurred after August 5, 1997 and that 95% of the Proceeds of such obligations were expended for Capital Expenditures after such date.

Section 2.16. Tax Audits. The Lessee and the Sublessee each acknowledges that the Lessee will be treated as the "taxpayer" in the event that the Obligations are audited by the Internal Revenue Service and each party to this Tax Regulatory Agreement agrees to cooperate with the other parties to the agreement in the course of such audit. The Sublessee agrees to pay any expense incurred by the Lessee resulting from such audit.

Section 2.17. Amendments to Tax Regulatory Agreement to Comply with Code and Treasury Regulations. The Lessee and the Sublessee each agrees, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Treasury Regulations effective retroactively, and the Lessee, the Sublessee and the Lessor each agrees to take all actions necessary to amend this Tax Regulatory Agreement to comply therewith. No duties or responsibilities of the Lessor will be amended, modified or changed without the written consent of the Lessor.

Section 2.18. Employment of Experts and Bond Counsel Opinion. The Lessee, the Sublessee and Lessor each agrees that:

(a) Reliance on Experts. In performing the duties and obligations described in this Tax Regulatory Agreement, the Lessor (or its agent) may employ such other experts, accountants and legal counsel as the Lessor deems appropriate, and the reasonable fees and expenses of the Lessor and such experts, accountants and legal counsel in connection with this Tax Regulatory Agreement will be paid by the Sublessee, provided that such fees and expenses, when aggregated, do not exceed the sum of \$_____. The Lessor may conclusively rely on the opinions given it by the Rebate Analyst and such other experts, accountants and legal counsel in performing its duties and obligations and will not be required to confirm, audit or verify any calculations and findings supplied by such experts, accountants or legal counsel, absent manifest error. The rights, duties and obligations of the Lessor under this Tax Regulatory Agreement will be governed by the Master Lease; and

(b) Opinion of Counsel. Notwithstanding any provision of this Tax Regulatory Agreement, if the Lessee or the Sublessee provides to the Lessor an opinion of Bond Counsel that any action specified under this Tax Regulatory Agreement is no longer required or that some further or different action is required to assure and maintain the Federal Tax Status of the Obligations, the Lessor may conclusively rely on such opinion in complying with this Tax Regulatory Agreement and the covenants hereof, upon acceptance by the Lessor, will be deemed to be modified to that extent.

Section 2.19. Applicable Law. This Tax Regulatory Agreement will be governed by the laws of the State of Illinois.

END OF ARTICLE II

This Tax Regulatory Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which will constitute one and the same Tax Regulatory Agreement.

IN WITNESS WHEREOF, the Lessee, the Sublessee and the Lessor have each caused this Tax Regulatory Agreement to be executed in its own name and on its own behalf by its duly authorized officer as of June ___, 2007.

CITY OF PEKIN, ILLINOIS

By: _____
Name:
Title:

PEKIN MEMORIAL HOSPITAL

By: _____
Name:
Title:

FIFTH THIRD BANK

By: _____
Name:
Title:

This instrument prepared by:

Bradley N. Ruwe, Esq.
Peck, Shaffer & Williams LLP
201 East Fifth Street, Suite 900
Cincinnati, Ohio 45202

123645

**COMPUTATION OF WEIGHTED AVERAGE
REASONABLY EXPECTED ECONOMIC LIFE ⁽¹⁾**

A-1

EXHIBIT B

COMPUTATION OF WEIGHTED AVERAGE MATURITY OF THE OBLIGATIONS

Years After Obligations Closing Date	Principal Amount	Bond Years ⁽¹⁾
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See Exhibit B1 attached hereto.

TOTALS:

Weighted Average = $\frac{\text{Sum of Bond Years}}{\text{Principal Amount}}$ _____ years = \$ _____
\$ _____

(1) Bond Years equals years after the Obligations Closing Date times the principal amount maturing in that year.