School District Emergency Financial Assistance Loan Agreement

Between

School Finance Authority for Hazel Crest School District #152.5

And

Illinois State Board of Education

Pursuant to Public Act 92-855 of the 92nd Illinois General Assembly, and pursuant to the request of the School Finance Authority for Hazel Crest School District #152.5 (“Authority”), the undersigned, Authority and Illinois State Board of Education (“Board”), agree to enter into a State Emergency Financial Assistance Loan with the following terms and conditions.

The Authority has certified in writing to the Board that it has been unable to borrow sufficient funds to operate the district.

The Board shall loan the Authority $4,528,000 pursuant to the following schedule (an amount equal to $4,000 times the districts 1,132 enrollment for the year ending June 30 prior to approval of the loan):

- $1,500,000 on or about March 1, 2003;
- $1,500,000 on or about April 1, 2003;
- $1,528,000 on or about May 1, 2003.

The Authority shall repay the principal sum of $4,528,000, together with simple interest over the term of the loan at a rate equal to 0.64% (50% of the one-year Constant Maturity Treasury (CMT) yield as last published by the Board of Governors of the Federal Reserve System before the date on which the Authority’s loan is approved by the State Board – 1.27% on February 25, 2003).

The Authority shall repay the principal in equal annual amounts of $452,800 over a ten year period with the first payment due December 1, 2003 and the final payment due December 1, 2012.

The Authority shall repay all unused loan proceeds as of June 30, 2003, as soon as possible after July 1, 2003, thereby reducing the outstanding principal due on the loan. At that time, the debt service schedule and future levy schedules shall be adjusted accordingly.
The Authority shall repay all unused loan proceeds upon dissolution of the Authority, thereby reducing the outstanding principal on the loan. At that time, the debt service schedule and future levy schedules shall be adjusted accordingly.

The Authority may pre-pay any portion of the loan without penalty. At that time, the debt service schedule and future levy schedules shall be adjusted accordingly.

The loan may be applied to any fund of funds from which the Authority is authorized to make expenditures.

The Authority shall annually approve a separate local property tax levy sufficient to pay the principal of and interest on the loan and shall also incorporate the loan repayment schedule into the annual budget of the district. Such local property tax levy shall not be subject to referendum approval and shall not exceed the amount necessary to meet the annual emergency financial repayment obligations of the Authority under this Agreement.

The Board shall deposit all repayments of the loan into the state School District Emergency Financial Assistance Fund.

This Agreement shall be governed by, and for all purposes construed with, the laws of the State of Illinois.

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State Superintendent, Illinois State Board of Education Date

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Chairman, School Finance Authority for Hazel Crest School District #152.5 Date