

SENIOR LOAN AGREEMENT

between

Goldman Sachs Social Impact Fund, L.P.

and

IFF PAY FOR SUCCESS I, LLC

October 6, 2014

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SENIOR LOAN AGREEMENT

This Senior Loan Agreement (this “**Agreement**” or the “**GSSIF Senior Loan Agreement**”) is made this 6th day of October, 2014 between Goldman Sachs Social Impact Fund, L.P., a Delaware limited partnership, having an office at 200 West Street, New York, New York 10282 (together with its successors and assigns, hereinafter referred to as “**GSSIF Senior Lender**”) and IFF Pay for Success I, LLC, an Illinois limited liability company having its principal office located at 1 North LaSalle Street, Suite 700, Chicago, Illinois 60602 (the “**Borrower**”).

RECITALS

Defined Terms. Certain capitalized terms used herein have the respective meanings assigned thereto in Section 1.

Background and Purpose. Borrower will facilitate the implementation of a program of preschool education provided by the Board of Education of the City of Chicago (“**CPS**”) with quality and technical assistance from the Technical Services Provider (as defined below) consisting of the operation of a high quality Child Parent Center preschool program (“**CPS CPC Program**”). The CPS CPC Program provides comprehensive and continuous education and family support services for children at risk of underachievement. The CPS CPC Program uses a high quality curriculum that is aligned with CPS, parental involvement and engagement including extensive family outreach, collaborative leadership teams with the co-located school and follow up during kindergarten and ongoing professional development, which results in cost savings for CPS through decreases in special education usage, increases in kindergarten readiness and improved third grade testing outcomes.

GSSIF Senior Loan. To pay certain costs of the Borrower’s implementation of the CPS CPC Program, Borrower wishes to borrow and, subject to the terms and conditions of this Agreement, GSSIF Senior Lender has agreed to make a multiple draw senior term loan (the “**GSSIF Senior Loan**”) to Borrower in an aggregate amount of up to \$7,500,000 as a social impact loan in accordance with the terms and conditions of this Agreement. All Obligations of Borrower to GSSIF Senior Lender are secured by a lien on, assignment of, and security interest in, all of Borrower’s rights, title and interest in and to the Collateral in accordance with the terms and conditions of this Agreement. The GSSIF Senior Loan will be advanced for Project Years of the CPS CPC Program corresponding to the CPS fiscal year. The advances of the GSSIF Senior Loan for the first Project Year will provide an aggregate amount of up to the amount reflected in the applicable Project Year Funding Schedule, a copy of which is attached as Exhibit C to the Intergovernmental Agreement. For each Project Year that constitutes CPS Fiscal Year 2016, 2017 and 2018 subject to the appropriation of the City Project Year Appropriated Amount and the budgeting of the Board Project Year Budgeted Amount, and to the consent of the City and CPS and to the other terms and conditions of this Agreement, GSSIF Senior Lender will provide additional advances of the GSSIF Senior Loan in an amount that is mutually agreed upon by GSSIF Senior Lender, Borrower, the City and CPS based on the City Project Year Appropriated Amount and Board Project Year Budgeted Amount for such Project Year and in accordance with the applicable Project Year Funding Schedule.

Co-Senior Loan. Simultaneously herewith, Borrower is executing a co-senior loan agreement (the “**NT Senior Loan Agreement**”) with The Northern Trust Company (“**NT Senior Lender**”) pursuant to which NT Senior Lender agrees to make a multiple draw co-senior term loan (“**NT Senior Loan**”) to Borrower in an aggregate amount of up to \$5,500,000 as a social impact loan in accordance with the Project Year Funding Schedule and the terms described in the NT Senior Loan Agreement.

Subordinate Loan. Simultaneously herewith, Borrower is executing a subordinate loan agreement (the “**Subordinate Loan Agreement**”) with Pritzker Family Foundation (“**Subordinate Lender**”) pursuant to which Subordinate Lender agrees to make a multiple draw subordinate loan in the form of a program related investment (“**Subordinate Loan**”) to Borrower in an aggregate amount of up to \$4,000,000 as a social impact program related investment in accordance with the Project Year Funding Schedule and the terms described in the Subordinate Loan Agreement.

Limited Recourse Carve-Out Agreement. As is more fully described in this Agreement, the recourse liability of the Borrower in respect of the repayment of the GSSIF Senior Loan and the other Obligations (as defined below) is limited to (a) the Pay-for-Success Payments payable to or for the account of Borrower under the City PFS Agreement (as defined below) to the extent actually received, as applicable and (b) any remaining portion of the amount funded by Borrower into the Designated Accounts; provided that simultaneously herewith IFF (“**IFF Member**”), an Illinois not-for-profit corporation and the sole member of Borrower, is executing a limited recourse carve-out agreement (the “**Limited Recourse Carve-Out Agreement**”) pursuant to which, notwithstanding such limitations on recourse, the IFF Member agrees to be liable on a full recourse basis on the terms set forth therein.

Subordination and Intercreditor Agreement. Simultaneously herewith, GSSIF Senior Lender, NT Senior Lender and Subordinate Lender are executing a subordination and intercreditor agreement (“**Subordination and Intercreditor Agreement**”) prescribed by GSSIF Senior Lender pursuant to which: (a) Subordinate Lender fully subordinates its rights, claims and liens in respect of the Subordinate Loan to the rights, claims and liens of GSSIF Senior Lender in respect of the GSSIF Senior Loan; (b) Subordinate Lender appoints GSSIF Senior Lender as the collateral agent under the Deposit Account Control Agreement with full authority to exercise any and all remedies thereunder or to decline to do so for any reason and (c) Subordinate Lender agrees that any collections by or for the accounts of Borrower of any Pay-for-Success Payments that are available in the Designated Accounts for application to the debt service obligations of Borrower to GSSIF Senior Lender, NT Senior Lender or Subordinate Lender will be applied, and GSSIF Senior Lender will be authorized to cause such amounts to be applied, strictly in the order and priority set forth in Exhibit A.

Senior Lender Intercreditor Agreement. Simultaneously herewith, GSSIF Senior Lender and NT Senior Lender are executing a Senior Lender Intercreditor Agreement (as defined below) prescribed by GSSIF Senior Lender pursuant to which: (a) NT Senior Lender appoints GSSIF Senior Lender as the collateral agent under the Deposit Account Control Agreement with full authority to exercise any and all remedies thereunder or to decline to do so for any reason and (b) NT Senior Lender agrees that any collections by or for the accounts of Borrower of any Pay-for-Success Payments that are available in the Designated Accounts for application to the debt

service obligations of Borrower to GSSIF Senior Lender or NT Senior Lender will be applied, and GSSIF Senior Lender will be authorized to cause such amounts to be applied, strictly in the order and priority set forth in Exhibit A.

Pay-for-Success Agreement and Intergovernmental Agreement. Borrower and the City will enter into a loan agreement and pay-for-success agreement (the “**City PFS Agreement**”) that will provide for (i) a loan from the Borrower to the City to provide funds that CPS will use to pay for the CPS CPC Program, (ii) amounts appropriated by the City to be deposited and held in escrow in the City PFS Escrow Account and (iii) the repayment of the loan to the Borrower through Kindergarten Readiness Payments and Third Grade Literacy Payments as contemplated by and in accordance with the Evaluation Plan and Evaluation Agreement. The City and CPS will enter into an intergovernmental agreement (the “**Intergovernmental Agreement**”) that will provide for the payment by CPS of Board Pay-for-Success Payments based on reductions in special education utilization as contemplated by and in accordance with the Evaluation Plan and the Evaluation Agreement. Borrower will use the City Pay-For-Success Payments and the Board Pay-For-Success Payments to repay the GSSIF Senior Loan.

Pledge and Security Agreement. Borrower and Lenders are entering into a security agreement under which Borrower grants to Senior Lenders on a senior basis and to Subordinate Lender on a subordinate basis (i) a security interest in Borrower’s rights under the City PFS Agreement to secure Borrower’s obligations under the Senior Loan Documents and the Subordinate Loan Agreement and (ii) a security interest in Borrower’s rights as assignee under the Intergovernmental Agreement. Borrower, Bank and the Lenders will enter into the City Deposit Account Control Agreement to grant and perfect a security interest for the benefit of Senior Lenders and Subordinate Lender in the deposit account (the “**City Designated Account**”) of Borrower into which all payments by the City for the account of Borrower pursuant to the City PFS Agreement will be deposited. In addition, Borrower, Bank and the Lenders will enter into the CPS Deposit Account Control Agreement (together with the City Designated Account Control Agreement, the “**Deposit Account Control Agreements**”) to grant and perfect a security interest for the benefit of Senior Lenders and Subordinate Lender in the deposit account (the “**Board Designated Account**”, and together with the City Designated Account, the “**Designated Accounts**”) of Borrower into which all payments by the City for the account of Borrower pursuant to the Intergovernmental Agreement will be deposited. Borrower will not have the right to withdraw amounts from the Designated Accounts until such time as the Lenders authorize such withdrawal or the Deposit Account Control Agreements are terminated. Pursuant to the Deposit Account Control Agreements, as and when Pay-for-Success Payments are due to Borrower under the City PFS Agreement, the Lender Representative will have the authority to cause all of such amounts to be paid directly from the Designated Accounts to Senior Lenders and Subordinate Lender for the account of Borrower in accordance with the Priority of Payments Schedule for application to the obligations of Borrower under the Senior Loan Agreements and the Subordinate Loan Agreement.

Escrow Account. The City will enter into an escrow agreement to establish the City PFS Escrow Account to hold the City Project Year Appropriated Amounts (as defined below) until such time as they are due to Borrower as Pay-for-Success Payments.

Services Agreement. In connection with the implementation of the Project, Borrower is simultaneously herewith entering into or will enter into (a) a Technical Services Agreement (as defined below) with the Technical Services Provider. The Technical Services Agreement describes the obligations of the Technical Services Provider.

Method of Evaluation of the CPS CPC Program. Borrower will enter into an Evaluation Agreement with the Evaluator setting forth the method of evaluation of the CPS CPC Program. Pursuant to the Evaluation Agreement, the Evaluator will (i) validate the CPS CPC Program's demonstrated success, (ii) calculate the inputs for determining the Pay-for-Success Payments, (iii) determine the extent to which Kindergarten Readiness Payments and/or Third Grade Literary Payments are due to be paid pursuant to the City PFS Agreement, (iv) determine the extent to which Special Education Payments are due to be paid pursuant to the Intergovernmental Agreement and the City PFS Agreement, and (v) perform such other functions as are set forth in the Evaluation Agreement.

The Project. The Borrower's facilitation of the CPS CPC Program using funding provided by the Senior Loans and the Subordinate Loan on and subject to the terms of the Loan Documents and the repayment obligations of the Borrower under the Loan Documents using the Pay-for-Success Payments made by the City and by CPS pursuant to the City PFS Agreement and the Intergovernmental Agreement is referred to herein as the "**Project**".

This Agreement. In order to secure the full payment and performance by Borrower of all of the Obligations, Borrower is (a) entering into this Agreement and (b) granting a first priority lien and security interest in the Collateral, in each case for the benefit of GSSIF Senior Lender.

AGREEMENT

Now, therefore, in consideration of the premises, and in further consideration of the mutual covenants and agreements herein set forth, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

1. DEFINITIONS

- 1.1 "**Advance**" shall mean a Project Year Initial Advance or a Project Year Subsequent Advance, as the context shall require.
- 1.2 "**Affiliate**" shall mean any Person (a) which directly or indirectly controls, or is controlled by, or is under common control with, Borrower or any subsidiary; (b) which directly or indirectly beneficially owns or holds 5% or more of any class of voting stock or member interests of Borrower or any subsidiary; or (c) 5% or more of the voting stock or member interests of which is directly or indirectly beneficially owned or held by Borrower or any subsidiary. The term control means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
- 1.3 "**Agreement**" shall have the meaning set forth in the preamble.

- 1.4 “**Approved by the Lender Committee**” or “**Approval of the Lender Committee**” means that a proposed action or decision has been unanimously approved in advance by the members of the Lender Committee.
- 1.5 “**Authorizing Resolutions**” shall mean the resolutions adopted by CPS and the ordinance adopted by the City to cause CPS and the City respectively to appropriate the City Project Year Appropriated Amount and budget the Board Project Year Budgeted Amount for the applicable Project Year.
- 1.6 “**Balance Sheet Date**” shall mean December 31, 2013.
- 1.7 “**Bank**” shall mean BMO Harris Bank, N.A., a national association and the depository bank for the Designated Accounts.
- 1.8 “**Board Budgeted Pay-for-Success Funds**” shall have the meaning ascribed thereto in the Intergovernmental Agreement.
- 1.9 “**Board Budgeted Program Funds**” shall have the meaning ascribed thereto in the Intergovernmental Agreement.
- 1.10 “**Board Deposit Account Control Agreement**” shall have the meaning set forth in the recitals.
- 1.11 “**Board Designated Account**” shall have the meaning set forth in the recitals.
- 1.12 “**Board Pay-For-Success Payments**” shall have the meaning ascribed thereto in the Intergovernmental Agreement.
- 1.13 “**Board Project Year Budgeted Amount**” means the amount budgeted by CPS to make Board Pay-for-Success Payments for the applicable Project Year.
- 1.14 “**Borrower**” shall have the meaning set forth in the preamble of this Agreement.
- 1.15 “**Business Day**” shall mean any day other than a Saturday, Sunday, or a public holiday, or the equivalent for banks generally under the laws of the State of New York or the State of Illinois.
- 1.16 “**City**” shall mean the City of Chicago.
- 1.17 “**City Deposit Account Control Agreement**” shall have the meaning set forth in the recitals.
- 1.18 “**City Designated Account**” shall have the meaning set forth in the recitals.
- 1.19 “**City Pay-For-Success Payments**” shall have the meaning ascribed thereto in the City PFS Agreement.
- 1.20 “**City PFS Agreement**” shall have the meaning set forth in the recitals.

- 1.21 “**City PFS Escrow Account**” shall mean the escrow account established by the City to hold the City Project Year Appropriated Amount.
- 1.22 “**City Project Year Appropriated Amount**” means the amount appropriated by the City to make Pay-for-Success Payments for the applicable Project Year.
- 1.23 “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 1.24 “**Cohort**” shall mean, individually, the Initial Project Year Cohort and each of the Subsequent Project Year Cohorts.
- 1.25 “**Collateral**” shall have the meaning ascribed to such term in the Pledge and Security Agreement.
- 1.26 “**Core Documents**” shall mean the Loan Documents, the Technical Services Agreement, the Evaluation Agreement, the City PFS Agreement and the Intergovernmental Agreement.
- 1.27 “**Core Program Principles**” shall mean the core principles of the CPS CPC Program set forth on Schedule 1(b).
- 1.28 “**CPC**” shall mean the Child Parent Centers, an unincorporated division of CPS.
- 1.29 “**CPC Funded Program Slot**” shall mean slot or seat for a child or children to receive instruction commencing during a Project Year pursuant to the CPS CPC Program that has been funded by IFF using proceeds of funding provided by the Senior Lenders and Subordinate Lender.
- 1.30 “**CPS CPC Program**” shall have the meaning set forth in the recitals.
- 1.31 “**CPS or the Board**” shall have the meaning set forth in the recitals.
- 1.32 “**Deposit Account Control Agreements**” or “**DACAs**” shall mean the deposit account control agreements by and among Borrower, Depository Bank and the Lenders with respect to the Board Designated Account and the City Designated Account.
- 1.33 “**Designated Accounts**” shall have the meaning set forth in the recitals.
- 1.34 “**Designated Jurisdiction**” shall mean any country or territory to the extent that such country or territory itself is the subject of any Sanction.
- 1.35 “**Determination Letter**” shall have the meaning set forth in Section 3.10.1.
- 1.36 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974.
- 1.37 “**Evaluation Agreement**” shall mean, for the Initial Project Year, the agreement, dated as of the date hereof, by and between the Evaluator, IFF and the Technical

Services Provider and, for any Subsequent Project Year (or for any period after the Evaluation Agreement for the Initial Project Year is terminated), the evaluation agreement entered into in accordance with the requirements of the City PFS Agreement.

- 1.38 “**Evaluation Plan**” shall mean the evaluation plan in the form attached as an exhibit to the City PFS Agreement as such plan may be amended from time to time with the Approval of the Lender Committee.
- 1.39 “**Evaluator**” shall mean the Party providing the services pursuant to the Evaluation Agreement as of the date of any reference thereto.
- 1.40 “**Event of Default**” shall mean any of the events specified in Section 7.
- 1.41 “**Fee/Expense Amount**” for each Project Year means the maximum amount of fees and expenses that will be paid to Borrower, the Evaluator and the Technical Services for all services in connection with the Project (provided that the Fee/Expense Amount shall not include the amount of any grant from the Finnegan Family Foundation as described in Section 2.2.1.20).
- 1.42 “**Financial Statements**” shall mean in respect of any Person for any period, the balance sheet at the end of such period and the related statement of operations, statement of changes in net assets and statement of cash flows for such period, each setting forth in comparative form the figures for the previous comparable fiscal period, all in reasonable detail and prepared in accordance with GAAP.
- 1.43 “**Fiscal Year**” shall mean the fiscal year of the Borrower, City or CPS as the context may require, with respect to CPS currently from July 1 of a given calendar year to June 30 of the subsequent calendar year.
- 1.44 “**GAAP**” shall mean, generally accepted accounting principles for not-for-profit entities set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession which are applicable to the circumstances as of the date of determination.
- 1.45 “**Governmental Authority**” shall mean any court, board, agency, commission, office or authority of any nature whatsoever of or for any governmental unit (federal, state, county, district, municipal, city or otherwise), whether now or hereafter in existence.
- 1.46 “**GS**” shall have the meaning set forth in Section 11.22.
- 1.47 “**GSSIF Senior Lender**” shall have the meaning set forth in the preamble to this Agreement.

- 1.48 “**GSSIF Senior Loan**” shall have the meaning set forth in the recitals.
- 1.49 “**GSSIF Senior Loan Agreement**” shall mean this Agreement.
- 1.50 “**GSSIF Senior Obligations**” shall mean all obligations and liabilities of IFF to the GSSIF Senior Lender and the NT Senior Lender under the Senior Loan Documents.
- 1.51 “**GSSIF Success Fees**” shall have the meaning set forth in Section 2.1.2.
- 1.52 “**GSSIF Success Fees Cap**” shall mean an amount calculated in the same manner as the Stated Interest at a rate per annum of 1.8%.
- 1.53 “**IFF Fees**” shall mean the fees listed in Exhibit C which may be amended by approval of the Borrower and by Approval of the Lender Committee after the last Cohort completes the sixth grade.
- 1.54 “**IFF Member**” shall mean IFF, an Illinois not for profit corporation.
- 1.55 “**IFF Program Transfer Amounts**” shall mean the amounts that Borrower is required to transfer to the City for distribution to CPS for each applicable Project Year to fund the provision of the CPS CPC Program to the Initial Project Year Cohort or the applicable Subsequent Year Project Cohort (as applicable) (but not in excess of the corresponding Project Draw Request submitted by the Board pursuant to the Intergovernmental Agreement).
- 1.56 “**Indebtedness**” shall mean, all of Borrower’s obligations and liabilities to any Person including, without limitation, all debts, claims and indebtedness, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising (whether under written or oral agreement, operation of law or otherwise) which would appear on a balance sheet as indebtedness prepared in accordance with GAAP.
- 1.57 “**Indemnified Parties**” shall have the meaning set forth in Section 11.12.2.
- 1.58 “**Initial Project Year**” shall mean the period from the Initial Advance to June 30 2015.
- 1.59 “**Initial Project Year Cohort**” shall mean 374 children.
- 1.60 “**Intercreditor and Subordination Agreement**” shall mean the intercreditor and subordination agreement, dated as of the date hereof, by and among the Lenders.
- 1.61 “**Intergovernmental Agreement**” shall have the meaning set forth in the recitals.
- 1.62 “**Kindergarten Readiness Payments**” shall mean the payments described in the Evaluation Plan with respect to Kindergarten Readiness that are calculated as

described in the Evaluation Plan under the caption “Calculating effect size for Kindergarten Readiness”.

- 1.63 “**Lender Committee**” shall mean a committee comprised of designees appointed by the Senior Lenders and the Subordinate Lender; provided that (i) from and after the date on which all obligations owed by Borrower to GSSIF Senior Lender have been paid in full, the GSSIF Senior Lender shall no longer be entitled to appoint a designee to the Lender Committee, and (ii) from and after the date on which all obligations owed by Borrower to the NT Senior Lender have been paid in full, the NT Senior Lender shall no longer be entitled to appoint a designee to the Lender Committee.
- 1.64 “**Lender Representative**” shall mean (i) so long as all obligations owed by IFF to the GSSIF Senior Lender have not been paid in full, GSSIF, and (ii) after all obligations owed by IFF to the GSSIF Senior Lender have been paid in full and so long as all obligations owed by IFF to the NT Senior Lender have not been paid in full, the NT Senior Lender, and (iii) after all obligations owed by IFF to the GSSIF Senior Lender and the NT Senior Lender have been paid in full and so long as all obligations owed by IFF to the Subordinate Lender have not been paid in full, the Subordinate Lender.
- 1.65 “**Lenders**” shall mean the Senior Lenders and/or Subordinate Lender individually or collectively as the context shall require.
- 1.66 “**Lien**” shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority or charge of any kind (including any conditional sale or other title retention agreement and any synthetic or other financing lease having substantially the same effect as any of the foregoing).
- 1.67 “**Limited Recourse Carve-Out Agreement**” shall have the meaning set forth in the recitals.
- 1.68 “**Loans**” shall mean the Senior Loans and/or the Subordinate Loan individually or collectively as the context shall require.
- 1.69 “**Loan Documents**” shall mean the Senior Loan Documents and Subordinate Loan Documents and all other agreements, instruments and documents heretofore, now, or hereafter executed by or on behalf of Borrower and delivered to Senior Lenders and/or Subordinate Lender pursuant to any of the foregoing or the Obligations, as now in effect or as at any time amended, modified or changed.
- 1.70 “**Loan Repayment Date**” shall mean the date on which any amount of the Obligation is due pursuant to this Agreement.
- 1.71 “**Losses**” shall have the meaning set forth in Section 11.12.2.

- 1.72 “**Material Adverse Change**” or “**Material Adverse Effect**” shall mean a material adverse change or effect on (a) the financial condition of (i) IFF Member or the parties to the Core Documents, (ii) the Collateral, or (iii) funding sources to fund Pay-for-Success Payments or (b) Borrower’s ability or legal authority to pay and satisfy in full all of the Obligations when due and in a timely manner.
- 1.73 “**Maturity Date**” shall mean the first to occur of (i) the date that is the eighth anniversary of the date of the Project Year Initial Advance for the Initial Project Year unless GSSIF Senior Lender in its sole discretion gives notice to Borrower (with copies to the City and CPS) prior to such eighth anniversary that GSSIF Senior Lender is extending such date to a later date specified in such notice, which later date shall not be later than the date described in clause (ii) of this definition, or (ii) unless otherwise extended in writing by GSSIF Senior Lender in its sole discretion with the consent of the City and CPS, December 31 of the year in which the last Subsequent Project Year Cohort completes twelfth grade or (iii) the date to which the Obligations may be accelerated pursuant to Section 8.1.
- 1.74 “**NT Senior Lender**” shall have the meaning set forth in the recitals.
- 1.75 “**NT Senior Loan**” shall have the meaning set forth in the recitals.
- 1.76 “**NT Senior Loan Agreement**” shall mean the senior loan agreement, dated as of the date hereof, by and between the NT Senior Lender and Borrower.
- 1.77 “**NT Senior Loan Documents**” has the meaning ascribed to the term “Loan Documents” in the NT Senior Loan Agreement.
- 1.78 “**Obligations**” or “**Liabilities**” shall mean all money owed, indebtedness, obligations, and agreements of every kind and nature of Borrower to or with GSSIF Senior Lender pursuant to the Loan Documents, now existing or hereafter arising, whether in the form of loans, interest, Success Fees, charges, indemnities, expenses or otherwise, and whether direct or indirect, acquired outright, conditionally or as collateral security, absolute or contingent, joint or several, liquidated or unliquidated, secured or unsecured, arising by operation of law or otherwise, and all obligations of Borrower to GSSIF Senior Lender to repay amounts due to GSSIF Senior Lender under any existing or future agreements relating to any future advances, renewals, extensions or changes in form of, or substitutions for, any of said indebtedness or liabilities, all the other sums and charges to be paid to GSSIF Senior Lender pursuant to the Loan Documents, any Losses, and all interest and late charges on any of the foregoing.
- 1.79 “**OFAC**” shall mean the Office of Foreign Assets Control of the United States Department of the Treasury.
- 1.80 “**Patriot Act**” shall mean Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended.

- 1.81 **“Pay-for-Success Payments”** means the payments required to be made by the City and by CPS pursuant to the City PFS Agreement and the Intergovernmental Agreement.
- 1.82 **“Person”** shall mean an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.
- 1.83 **“PFS Project Year Supplement”** shall mean a supplement to the City PFS Agreement and the Intergovernmental Agreement for a Subsequent Project Year specifying the Subsequent Project Year Cohort for such Subsequent Project Year and reflecting the terms of the City PFS Agreement and the Intergovernmental Agreement for such Project Year based on the City Project Year Appropriated Amount and the Board Project Year Budgeted Amount for such Project Year.
- 1.84 **“Pledge and Security Agreement”** shall mean the pledge and security agreement, dated as of the date hereof, by and among Borrower on the one hand and the Lenders on the other hand.
- 1.85 **“Priority of Payments Schedule”** shall mean the schedule of the priority of the application of PFS Payments attached hereto as Exhibit A.
- 1.86 **“Project”** shall have the meaning set forth in the recitals to this Agreement.
- 1.87 **“Project Draw Request”** shall have the meaning ascribed thereto in the Intergovernmental Agreement.
- 1.88 **“Project Year”** shall mean the Initial Project Year or any Subsequent Project Year as the context shall require.
- 1.89 **“Project Year Budget”** for each Project Year shall mean Borrower’s budget for such Project Year as Approved by the Lender Committee reflecting (i) the IFF Program Transfer Amounts for such Project Year and (ii) Borrower’s costs of the administration of the Project Year Program for the applicable Project Year.
- 1.90 **“Project Year Funding Schedule”** shall mean (i) for the first Project Year, the schedule set forth in Schedule 1(c), and (ii) for each Project Year 2015-2016, 2016-2017 and 2017-2018, a schedule proposed by Borrower and Approved by Lender Committee, in each case reflecting the applicable Project Year Initial Advance Date, each applicable Project Year Subsequent Advance Date and the amounts of each of the following (a) the advances expected to be made by each Senior Lender, subject to the terms and conditions hereof and the NT Senior Loan Agreement, in respect of the Senior Loans on each applicable Advance Date, and (b) the advances expected to be made by the Subordinate Lender, subject to the terms and conditions of the Subordinate Loan Agreement, in respect of the Subordinate Loan, on each applicable Advance Date. Schedule 1(c) also reflects the projected City Pay-For-Success Payments and Board Pay-For-Success Payments based upon the anticipated Cohort size for each Project Year and the

“base case” assumptions. Each Project Year Funding Schedule is subject to modification in accordance with Section 2.4.3.

- 1.91 “**Project Year Initial Advance**” shall have the meaning set forth in 2.2.1.
- 1.92 “**Project Year Initial Advance Certificate**” shall mean a certificate in the form of Schedule 1(a)-1 hereto pursuant to which Borrower attests that each of the Project Year Initial Advance Conditions, as applicable, has been satisfied.
- 1.93 “**Project Year Initial Advance Conditions**” shall have the meaning set forth in Section 2.2.1.
- 1.94 “**Project Year Initial Advance Date**” shall mean (i) in the case of the Initial Project Year, the date in which all Project Year Initial Advance Conditions have been satisfied, and (ii) in the case of each Subsequent Project Year, September 1 provided that on such date all Project Year Initial Advance Conditions have been satisfied.
- 1.95 “**Project Year Subsequent Advance**” shall have the meaning set forth in Section 2.2.2.
- 1.96 “**Project Year Subsequent Advance Certificate**” shall mean a certificate in the form of Schedule 1(a)-2 hereto pursuant to which Borrower attests that each of the Project Year Subsequent Advance Conditions has been satisfied.
- 1.97 “**Project Year Subsequent Advance Conditions**” shall have the meaning set forth in Section 2.2.2.
- 1.98 “**Project Year Subsequent Advance Date**” shall mean the first Business Day after January 1 in each Project Year 2014-2015, 2015-2016, 2016-2017 and 2017-2018 provided that on such date the applicable Project Year Subsequent Advance Conditions have been met.
- 1.99 “**Promotional Material**” shall have the meaning set forth in Section 11.24.1.
- 1.100 “**Related Parties**” shall mean, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.
- 1.101 “**Sanctions**” shall mean any international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.
- 1.102 “**Senior Lender Intercreditor Agreement**” means the intercreditor agreement, dated as of the date hereof, by and between the GSSIF Senior Lender and the NT Senior Lender and as acknowledged by Borrower.

- 1.103 “**Senior Lender(s)**” means the GSSIF Senior Lender and/or the NT Senior Lender, individually or collectively as the context shall require.
- 1.104 “**Senior Loan Agreement(s)**” means this Agreement and/or the NT Senior Loan Agreement, individually or collectively as the context shall require.
- 1.105 “**Senior Loan Document(s)**” shall mean the GSSIF Senior Loan Agreement, the NT Senior Loan Agreement, the Pledge and Security Agreement and the DACA, individually or collectively as the context shall require.
- 1.106 “**Senior Loan(s)**” means the GSSIF Senior Loan and/or the NT Senior Loan, individually or collectively as the context shall require.
- 1.107 “**Sentinel Event**” shall have the meaning set forth in Article 7.
- 1.108 “**Special Education Payments**” shall mean the payments described in the Evaluation Plan as Special Education Payments, which are calculated as described in the Evaluation Plan under the caption “Calculating payments for Special Education utilization”.
- 1.109 “**Stated Interest**” shall have the meaning set forth in Section 2.1.1.
- 1.110 “**Subordinate Advance**” shall mean an advance of proceeds under and pursuant to the Subordinate Loan Agreement.
- 1.111 “**Subordinate Lender**” shall have the meaning set forth in the recitals.
- 1.112 “**Subordinate Loan**” shall have the meaning set forth in the recitals.
- 1.113 “**Subordinate Loan Agreement**” shall have the meaning set forth in the recitals.
- 1.114 “**Subordinate Loan Document(s)**” shall have the meaning ascribed thereto in the Subordinate Loan Agreement.
- 1.115 “**Subordination and Intercreditor Agreement**” shall have the meaning set forth in the recitals to this Agreement.
- 1.116 “**Subsequent Project Year Cohort**” or “**Subsequent Project Year Cohorts**” means for each Project Year 2015-2016, 2016-2017 and 2017-2018 the cohort of the number of children expected to utilize the CPC Funded Program Slots for the applicable Project Year and specified in the PFS Project Year Supplement for such Project Year.
- 1.117 “**Subsequent Project Year**” shall mean any period from July 1 to June 30 commencing on July 1, 2015.
- 1.118 “**Subsequent Project Year Projected Terms Schedule**” shall mean the schedule attached hereto as Exhibit B.

- 1.119 “**Success Fees**” shall mean success fees payable to GSSIF Senior Lender, Subordinate Lender and/or CPS as applicable.
- 1.120 “**Technical Services Agreement**” shall mean the technical services agreement between Borrower and the Technical Services Provider.
- 1.121 “**Technical Service Provider**” shall mean the Metropolitan Family Services or such other provider of the services contemplated by the Technical Services Agreement as is approved by the CPS and City and Borrower and as is Approved by the Lender Committee.
- 1.122 “**Term**” shall mean the period from the first Project Year Initial Advance Date until the Maturity Date.
- 1.123 “**Third Grade Literacy Payments**” shall mean the payments described in the Evaluation Plan with respect to Third Grade Literacy that are calculated as described in the Evaluation Plan under the caption “Calculating effect size for Third Grade Literacy”.
- 1.124 “**Third Grade Literacy Test**” shall mean the PARCC standardized test or such other national test that is equivalent to the PARCC standardized test and that is approved by the Lender Committee.
- 1.125 “**TS Gold**” means the Teaching Strategies Gold instrument.
- 1.126 “**UCC**” or “**Uniform Commercial Code**” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York, except that when used with respect to the Pledge and Security Agreement, to the extent that the choice of law provisions of the Uniform Commercial Code as in effect from time to time in the State of Illinois so require, such term shall mean the Uniform Commercial Code as in effect from time to time in the State of Illinois.
- 1.127 “**Unearned Fee/Expense Amount**” as of any date means the sum of (i) the portion of the Fee Expense/Amount for the then-current Project Year that has not been earned as of such date (prorated based on the number of days in such Project Year preceding such date and the number of days in such Project Year on and after such date) and (ii) the Fee/Expense Amount for each Subsequent Project Year.

2. SENIOR LOAN AND ADVANCES

2.1 Senior Loan.

- 2.1.1 Advances; Stated Interest. GSSIF Senior Lender agrees, on the terms and conditions set forth in this Agreement, to make the GSSIF Senior Loan to Borrower in the principal amount of up to \$7,500,000 in accordance with the provisions of Section 2.2. The Senior Loan will bear stated interest at a rate of 5% per annum (“**Stated Interest**”). Stated Interest will be

calculated on the basis of the actual number of days elapsed over an assumed year of 360 days. Stated Interest will accrue with respect to each Advance of the GSSIF Senior Loan from the date of the making of such Advance. Stated Interest will be calculated on a simple interest basis and will not be added to principal until the Maturity Date.

2.1.1.1 Compensation for Taxes. The Borrower shall indemnify GSSIF Senior Lender for the full amount of taxes (other than income taxes, franchise taxes and taxes imposed on or measured by net capital) imposed by any Governmental Authority on (i) the GSSIF Senior Loan, (ii) amounts payable or paid to GSSIF Senior Lender hereunder or under any other Loan Document, or (iii) any taxes payable under this Section 2.1.1.1, and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto. Payment under this indemnification shall be made within ten (10) days after the date the GSSIF Senior Lender makes written demand therefor. The agreements and obligations of the Borrower contained in this Section 2.1.1.1 shall survive the payment in full of the GSSIF Senior Loan and the termination of this Agreement, provided however that such obligations shall cease with respect to any specific tax upon the expiration of the statute of limitations applicable to such tax.

2.1.2 Success Fees. To induce GSSIF Senior Lender to make the GSSIF Senior Loan on the terms and conditions set forth in this Agreement and the other Senior Loan Documents, Borrower agrees to pay the Success Fees (the “**GSSIF Success Fees**”) to Senior Lender in an amount equal to 68% of all payments made by the City pursuant to the City PFS Agreement (including all Board Pay-For-Success Payments made by CPS pursuant to the Intergovernmental Agreement) pursuant to the Priority of Payments Schedule up to but not exceeding the GSSIF Success Fees Cap. Borrower acknowledges that its agreement to pay GSSIF Success Fees is an essential feature of the bargain between Borrower and GSSIF without which the GSSIF Senior Lender would not have agreed to make the GSSIF Senior Loan. GSSIF Senior Lender and Borrower acknowledge that (i) the GSSIF Success Fees are due only in the event that Borrower has paid the GSSIF Senior Loan Stated Interest and principal in accordance with and in the amounts contemplated by the Priority of Payments Schedule and (ii) the GSSIF Success Fees do not accrue as interest during the Term of the GSSIF Senior Loan. For the avoidance of doubt, the GSSIF Success Fee Cap shall be calculated on the total Advances for the entire period that such Advances are outstanding.

2.1.3 Funding of GSSIF Senior Loan. The GSSIF Senior Loan shall be evidenced by and repaid in accordance with this Agreement and the other Senior Loan Documents. Subject to the terms and conditions set forth herein, including all applicable Project Year Initial Advance Conditions

set forth in Section 2.2.1 of this Agreement and all applicable Project Year Subsequent Advance Conditions set forth in Section 2.2.2, the GSSIF Senior Loan shall be funded in accordance with Section 2.2. The GSSIF Senior Loan is not a revolving loan and Borrower shall not be entitled to re-borrow any amounts borrowed and repaid hereunder.

2.2 GSSIF Senior Loan Funding.

2.2.1 Project Year Initial Advances. Unless at the time of any applicable Project Year Initial Advance GSSIF Senior Lender has exercised its right to discontinue funding in accordance with Section 2.3, on each Project Year Initial Advance Date in Project Years 2014-2015, 2015-2016, 2016-2017 and 2017-2018, Senior Lender will advance to Borrower the first installment of the Senior Loan for such Project Year (the “**Project Year Initial Advance**”) equal to the applicable amount set forth in the applicable Project Year Funding Schedule. Unless waived in writing by GSSIF Senior Lender at or prior to the applicable Project Year Initial Advance Date, each Project Year Initial Advance for any Project Year will be conditioned on the satisfaction of the conditions hereinafter set forth in Section 2.2.1.1 through and including Section 2.2.1.35 (the “**Project Year Initial Advance Conditions**”) for such Project Year:

2.2.1.1 in the case of the Project Year Initial Advance for the Initial Project Year Advance only, GSSIF Senior Lender shall have completed to its satisfaction its due diligence examination of the CPS CPC Program, the parties to the Core Documents and the other aspects of the Project, including such due diligence information relating to the City and CPS as Lenders shall have requested;

2.2.1.2 the Loan Documents shall have been executed and delivered to Senior Lenders and shall be in full force and effect;

2.2.1.3 each of the City PFS Agreement and the Intergovernmental Agreement shall have been executed and delivered by each of the parties thereto, shall be in form and substance satisfactory to GSSIF Senior Lender and shall be in full force and effect with no default by either party thereto;

2.2.1.4 the City PFS Agreement and the Intergovernmental Agreement shall have an Evaluation Plan attached to it that is in form and substance satisfactory to the GSSIF Senior Lender;

2.2.1.5 in the case of the Project Year Initial Advance for the Initial Project Year, provision satisfactory to the GSSIF Senior Lender shall have been made for the funding of the Fee/Expense Amount;

- 2.2.1.6 each Designated Account shall have been established and each Designated Account Control Agreement shall have been executed and delivered by the parties thereto in form and substance satisfactory to the GSSIF Senior Lender, shall be in full force and effect and no default on the part of any party thereto shall have occurred;
- 2.2.1.7 in the case of the Project Year Initial Advance for any Subsequent Project Year, the City Project Year Appropriated Amount and the Board Project Year Budgeted Amount, the PFS Project Year Supplement, the size of the Subsequent Project Year Cohort subject to Section 2.4, the terms and conditions of the CPS CPC Program, the results of the provision of the CPS CPC Program to the CPS CPC Program Funded Enrollees for prior Project Years and the terms of the Evaluation Plan as it applies to the CPS CPC Program for such Subsequent Project Year shall be satisfactory to the GSSIF Senior Lender in its sole discretion, and the City and CPS shall have consented to such Project Year Initial Advance;
- 2.2.1.8 in the case of the Project Year Initial Advance for each Subsequent Project Year only, Borrower shall have delivered to GSSIF Senior Lender written confirmation of the amount of the City Project Year Appropriated Amount with respect to the applicable Subsequent Project Year Cohort; and GSSIF Senior Lender shall have reasonably determined that such City Project Year Appropriated Amount will be sufficient to repay all obligations of the City to pay City Pay-For-Success Payments with respect to the Project Year; subject to any applicable limit on the City Pay-For-Success Payment for such Subsequent Project Year Cohort as specified on the applicable PFS Project Year Supplement, 100% of the City Project Year Appropriated Amount shall have been deposited into City PFS Escrow Account; the escrow agreement pertaining to the City PFS Escrow Account shall be satisfactory to GSSIF Senior Lender; and the City Project Year Appropriated Amount shall not have been rescinded, reduced, conditioned or qualified in any manner;
- 2.2.1.9 in the case of the Project Year Initial Advance for each Subsequent Project Year only, Borrower shall have delivered to GSSIF Senior Lender written confirmation of the Board Budgeted Program Funds for such Project Year and the GSSIF Senior Lender shall be reasonably satisfied that the amount of the Board Budgeted Program Funds for such Project Year is consistent with the applicable Project Year Funding Schedule and is adequate to provide the CPS CPC Program for the Subsequent Project Year Cohort for such Project Year;

- 2.2.1.10 In the case of the Project Year Initial Advance for Subsequent Project Year 2017-2018, Borrower shall have delivered to GSSIF Senior Lender written confirmation of the Board Budgeted PFS Funds with respect to the Board Pay-For-Success Payments for Project Year 2016-2017; the GSSIF Senior Lender shall be reasonably satisfied that the amount of the Board Budgeted PFS Funds budgeted to be paid in Project Year 2017-2018 with respect to Project Year 2016-2017 at least equals the Board Pay-For-Success Payments for Project Year 2016-2017; and any amounts of Board Pay-For-Success Payments that are due at the time of such Project Year Initial Advance shall have been paid.
- 2.2.1.11 GSSIF Senior Lender shall be satisfied that the amount of the Project Draw Requests of CPS is equal to the aggregate amount of the advances to be made by the Lenders as of the date of the Initial Project Year Advance and each Project Year Subsequent Advance.
- 2.2.1.12 In the case of the Project Year Initial Advance for the Initial Project Year, the City shall have deposited \$624,253 into the City PFS Escrow Account pursuant to an escrow agreement that is reasonably satisfactory to the GSSIF Senior Lender;
- 2.2.1.13 in the case of the Project Year Initial Advance for each Subsequent Project Year only, Borrower shall have delivered to GSSIF Senior Lender the proposed Project Year Funding Schedule and proposed Project Year Budget for the Project Year and GSSIF Senior Lender shall have approved the proposed Project Year Funding Schedule and Project Year Budget;
- 2.2.1.14 Borrower shall have delivered to GSSIF Senior Lender, a copy of the Technical Services Agreement and the Technical Services Agreement shall be in full force and effect with no default by any party thereunder;
- 2.2.1.15 the Authorizing Resolutions shall be in full force and effect and shall not have been repealed, modified or amended in any respect that is not approved by GSSIF Senior Lender;
- 2.2.1.16 the Evaluation Agreement and the data sharing agreement referenced to therein shall have been executed on terms reasonably satisfactory to the Lenders and shall be in full force and effect with no default by any party thereunder;
- 2.2.1.17 no default or Event of Default and no Sentinel Event shall have occurred under any Loan Document or Core Document;

- 2.2.1.18 execution and delivery by Borrower of a certificate to the effect that the CPS CPC Program is operating in accordance with the Core Program Principles;
- 2.2.1.19 the Evaluator for each prior Project Year shall have delivered to Borrower and Lenders all reports required to be delivered for each applicable prior Project Year by and in accordance with the applicable Evaluation Agreement;
- 2.2.1.20 in the case of the Project Year Initial Advance for the Initial Project Year only, the Borrower shall have received a grant from the Finnegan Family Foundation in an amount equal to \$319,000 or such other amount as is necessary to pay the fees of the Evaluator for the Initial Project Year and the first Subsequent Project Year;
- 2.2.1.21 Borrower shall have delivered to GSSIF Senior Lender all reports required by and in accordance with Schedule 4.5;
- 2.2.1.22 the Evaluation Plan in the form attached to the City PFS Agreement shall not have been changed, modified or amended in any respect that has not been approved by the Lender Committee;
- 2.2.1.23 if Borrower has terminated the Evaluator, Borrower shall have engaged a new Evaluator in accordance with the requirements of the City PFS Agreement within 90 days after such termination;
- 2.2.1.24 the Evaluator and the Evaluation Agreement for such Project Year shall have been approved by GSSIF Senior Lender;
- 2.2.1.25 the Project Year Budget for the Project Year shall be satisfactory to GSSIF Senior Lender;
- 2.2.1.26 in the case of each Subsequent Project Year, the PFS Project Year Supplements to the City PFS Agreement and the Intergovernmental Agreement shall have been executed and delivered by the parties thereto, shall be in full force and effect and shall be satisfactory to GSSIF Senior Lender;
- 2.2.1.27 execution and delivery by Borrower of a certificate to the effect that there is no material ongoing litigation against Borrower or, to its knowledge, in connection with the Project or the CPS CPC Program;
- 2.2.1.28 evidence that Borrower, CPS and CPC are in compliance with all applicable governmental rules and regulations (including without limitation the Patriot Act);

- 2.2.1.29 receipt and review by Senior Lenders of Borrower and IFF Member's financial statements as of (a) the end of such party's most recent fiscal year ended at least 180 days prior to the date of such Advance and (b) the end of such party's most recent fiscal quarter ended at least 60 days prior to the date of such Advance;
 - 2.2.1.30 in the case of the Project Year Initial Advance for the Initial Project Year, delivery of an opinion of counsel of Borrower to the effect that the Loan Documents have been duly and validly executed and delivered by Borrower;
 - 2.2.1.31 there shall have been no Material Adverse Change;
 - 2.2.1.32 review and approval by GSSIF Senior Lender tax counsel of the tax aspects of the GSSIF Senior Loan;
 - 2.2.1.33 execution and delivery by Borrower of a Project Year Initial Advance Certificate attesting that each of the foregoing conditions have been satisfied (except to the extent that any such condition relates solely to the satisfaction of GSSIF Senior Lender); and
 - 2.2.1.34 evidence satisfactory to GSSIF Senior Lender that Borrower shall have maintained the insurance coverages required by and in accordance with Section 4.9.
 - 2.2.1.35 In the case of the Project Year Initial Advance for the first Project Year, simultaneously with such Project Year Initial Advance and from the proceeds thereof, Borrower shall have paid the fees and expenses of counsel to GSSIF Senior Lender in connection with the negotiation and preparation of the Loan Documents and the other Core Documents up to a maximum amount agreed to by Borrower and GSSIF Senior Lender with the approval of the City and CPS (with the understanding that the aggregate legal fees reimbursed to all Lenders in connection with the negotiation of the Loan Documents shall not exceed \$250,000).
- 2.2.2 Project Year Subsequent Advances: Unless at the time of any applicable Project Year Subsequent Advance GSSIF Senior Lender has exercised its right to discontinue funding in accordance with Section 2.3, on each Project Year Subsequent Advance Date, GSSIF Senior Lender will advance to Borrower an installment of the GSSIF Senior Loan in respect of the Project Year Subsequent Advance (the "**Project Year Subsequent Advance**") equal to the applicable amount set forth in the Project Year Funding Schedule. Unless waived in writing by GSSIF Senior Lender at or prior to the applicable Project Year Subsequent Advance Date, each Project Year Subsequent Advance will be conditioned on the satisfaction of the conditions hereinafter set forth in Section 2.2.2.1 through and

including Section 2.2.2.7 (the “**Project Year Subsequent Advance Conditions**”):

2.2.2.1 all Project Year Initial Advance Conditions applicable to the Initial Project Year Advance for such Project Year shall remain satisfied;

2.2.2.2 the Authorizing Resolutions shall be in full force and effect; and shall not have been repealed, modified or amended in any respect that is not approved by GSSIF Senior Lender;

2.2.2.3 the City Project Year Appropriated Amount shall not have been rescinded, reduced, conditioned or qualified in any manner that is not approved by GSSIF Senior Lender;

2.2.2.4 any Pay-for-Success Payments required by the City PFS Agreement and the Intergovernmental Agreement to have been made by the City for the account of Borrower on or prior to the Project Year Subsequent Advance Date shall have been made;

2.2.2.5 no default or Event of Default and no Sentinel Event shall have occurred;

2.2.2.6 any Board Pay-For-Success Payments that are due under the Intergovernmental Agreement as of the date of such Project Year Subsequent Advance shall have been paid;

2.2.2.7 execution and delivery by Borrower of a Project Year Subsequent Advance Certificate attesting that each of the foregoing conditions have been satisfied;

2.3 Right to Discontinue Funding. If any of the circumstances described in this Section 2.3 occurs, then GSSIF Senior Lender shall have the option to discontinue funding of the GSSIF Senior Loan upon 30 days’ written notice and upon the end of the then-current Project Year (with the understanding that no such discontinuance shall affect the obligations of Borrower hereunder or under the other Loan Documents):

2.3.1 if by September 1 of any Subsequent Project Year no City Project Year Appropriated Amount has been appropriated by the City for Pay-For-Success Payments with respect to the Subsequent Project Year Cohort with respect to such Subsequent Project Year or the required Board Budgeted Program Funds and (if applicable) the Board Budgeted Pay-For-Success Funds have not been budgeted by CPS for such Project Year; or

2.3.2 if by August 15 of any Subsequent Project Year, the City has not deposited the full City Project Year Appropriated Amount into the City PFS Escrow Account; or

- 2.3.3 if by November 15 of any Subsequent Project Year CPS has not transferred the full Board Project Year Budgeted Amount to the City.
- 2.4 Cohort Requirements.
 - 2.4.1 [Reserved]
 - 2.4.2 Lenders and Borrower shall agree upon the minimum and maximum number of children in each given Cohort for each Subsequent Project Year based on the amount of funding in respect of the Project Year.
 - 2.4.3 To the extent that prior to September 30 of a Subsequent Project Year the Parties determine that the Cohort for such Subsequent Project Year will consist of less than the number of children anticipated for such Subsequent Project Year pursuant to Section 2.4.2, the aggregate amount of the Project Year Initial Advance for such Subsequent Project Year shall be decreased on a pro rata basis and the Project Year Funding Schedule for such Subsequent Project Year shall be modified to take account of the decrease in the aggregate amount of the Project Year Initial Advance for such Subsequent Project Year.
 - 2.4.4 Lenders and Borrower with the consent of the City and CPS shall agree upon any applicable increase to the minimum and maximum number of children in a Cohort based on the amount of additional funding, if any, in respect of the Project Year Initial Advance or Project Year Subsequent Advance.
- 2.5 Modifications to the Project Year Funding Schedule; Wind-Down Costs
 - 2.5.1 A Project Year Funding Schedule shall not be changed, modified or amended without the express prior written consent of the GSSIF Senior Lender, the City and CPS.
 - 2.5.2 If a Project Year Supplement is not approved, Borrower and GSSIF Senior Lender shall work together in good faith with the City, CPS, the NT Senior Lender and the Subordinate Lender to determine the manner in which wind-down costs will be paid.
- 2.6 Terms of Payment.
 - 2.6.1 Promptly upon the deposit of any Pay-for-Success Payment in the City Designated Account or the Board Designated Account, Borrower shall prepare and submit to the Lender Representative for approval a certificate directing the Bank as to the distribution of such deposit in accordance with the Priority of Payments Schedule and, promptly upon the approval of such certificate by the Lender Representative, Borrower shall cause such certificate to be delivered to the Bank on behalf of the Lenders.

- 2.6.2 Upon the application of the full amount of the amounts in the Designated Accounts through December 31 of the Project Year in which the last Subsequent Project Year Cohort completes twelfth grade (or, if earlier, upon the Maturity Date if such date is determined as described in clause (i) of the definition of Maturity Date), and subject to any liability that Borrower may have under the Limited Recourse Carve-Out Agreement, GSSIF Senior Lender shall forgive any unpaid obligations of Borrower with respect to the unpaid principal balance of the GSSIF Senior Loan (and any accrued and unpaid Stated Interest thereon). After the end of the Term, Borrower shall have no further obligation to pay Success Fees.
- 2.6.3 To the extent that the Pay-for-Success Payments for any period are insufficient to pay Stated Interest with respect to such period, the unpaid Stated Interest shall accrue until it is paid pursuant to the Priority of Payment Schedule. In no event shall the Success Fees accrue as interest during the Term of the Loan.
- 2.6.4 If Borrower ceases to be the duly appointed and validly acting Project Coordinator of the Project for any reason, then within ten (10) days after such cessation Borrower shall pay the Unearned Fee/Expense Amount in accordance with the Priority of Payments Schedule as and for a prepayment of the Loans. The obligation of Borrower described in this Section 2.6.4 shall be a full recourse obligation of Borrower and shall not be limited by Section 10.1.
- 2.6.5 To the extent that any payment hereunder is due on a day that is not a Business Day, such payment shall be deemed to be due on the next Business Day.
- 2.6.6 If at any time the GSSIF Senior Lender waives or (other than pursuant to the last sentence of Section 8.1) forgives any payment obligation with respect to the Loan or extends the due date for any such payment, Borrower shall give notice of such waiver, forgiveness or extension to the City and CPS, and the GSSIF Senior Lender and Borrower shall cooperate in good faith with the City and CPS to agree upon any corresponding changes that are required in the amount of any City Pay-For-Success Payments or Board Pay-For-Success Payments as a result of such waiver, forgiveness or extension.
- 2.6.7 If as of September 1, 2028, there remains any unpaid GSSIF Senior Loan Obligations for the repayment of principal or the payment of Stated Interest or GSSIF Success Fees, the GSSIF Senior Lender shall have the right by notice given to Borrower with copies sent to the City and CPS no less than ninety (90) days prior to September 1, 2028 to require (subject to the availability of Board Budgeted Pay-For-Success Funds) the acceleration to September 1, 2028, of any remaining unpaid GSSIF Senior Loan Obligations for principal, Stated Interest or GSSIF Success Fees,

provided that in the event GSSIF Senior Lender exercises such right, the amounts of principal, Stated Interest or GSSIF Success Fees that would otherwise have been payable by Borrower shall be discounted to present value using a discount rate equal to the discount rate stated in the Intergovernmental Agreement with respect to the corresponding acceleration of the obligation of the Board to pay Board Pay-For-Success Payments. Such accelerated and present value principal, Stated Interest and GSSIF Success Fees amount shall be due upon the deposit in the Board Designated Account of the corresponding accelerated and present value Board Pay-For-Success Payments pursuant to the Intergovernmental Agreement.

- 2.7 Usury. All agreements between Borrower and Senior Lenders are hereby expressly limited so that in no contingency or event whatsoever whether by reason of acceleration of maturity of the Indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Senior Lenders for the use or the forbearance of the Indebtedness evidenced hereby exceed the maximum permissible under any law applicable to Senior Lenders limiting the highest rate of interest which may be lawfully contracted for, charged or received by such Senior Lenders (such laws are referred to herein as “applicable usury law”). In this regard, it is expressly agreed that it is the intent of Borrower and Senior Lenders in the execution, delivery and acceptance of this Agreement to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable usury law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever Senior Lenders should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between Borrower and Senior Lenders.
- 2.8 Method of Payment. Borrower shall make or cause each payment under this Agreement to be made not later than the end of business on the date when due in lawful money of the United States to GSSIF Senior Lender at the address first listed for GSSIF Senior Lender in Section 11.5 in immediately available funds. Whenever any payment to be made under this Agreement shall be stated to be due on a non-Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of payment of interest.
- 2.9 Projected Payment Schedule. Borrower acknowledges that the GSSIF Senior Loan constitutes a “contingent payment debt instrument” as such term is defined under the Code. At the time of the making of the Project Year Initial Advance for the Initial Project Year, Borrower shall certify to GSSIF Senior Lender a

projected payment schedule for the GSSIF Senior Loan that Borrower has prepared in accordance with 26 CFR §1.1275-4, and for federal income tax purposes GSSIF Senior Lender and Borrower shall report income and expense with respect to the GSSIF Senior Loan consistently with such schedule.

2.10 PFS Project Year Supplements. Borrower acknowledges that GSSIF Senior Lender's approval of each PFS Project Year Supplement is required and such approval may be granted or withheld in the sole discretion of GSSIF Senior Lender.

3. REPRESENTATIONS AND WARRANTIES. Borrower hereby represents and warrants to GSSIF Senior Lender, knowing and intending that GSSIF Senior Lender shall rely thereon in making the GSSIF Senior Loan, that:

3.1 Organization in Illinois; Valid Existence. IFF Member (i) is a not-for-profit corporation duly organized and validly existing under the laws of the State of Illinois, (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated and (iii) is in good standing as a foreign corporation and is duly authorized to do business in each jurisdiction where such qualification is necessary, except where a failure to be so qualified would not have a Material Adverse Effect. Borrower (i) is a limited liability company duly organized and validly existing under the laws of the State of Illinois and of which the sole member is IFF Member; (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated and (iii) is in good standing as a foreign limited liability company and is duly authorized to do business in each jurisdiction where such qualification is necessary, except where a failure to be so qualified would not have a Material Adverse Effect.

3.2 Authorization. The execution, delivery and performance of the Core Documents, this Agreement and the other Loan Documents to which each of the Borrower or IFF Member is or is to become a party and the transactions contemplated hereby and thereby (i) are not inconsistent with its Certificate of Incorporation, by-laws operating agreement and other governing documents, (ii) have been duly authorized by all necessary action on the part of the Borrower and IFF Member, (iii) do not and will not conflict with or result in any breach or contravention of any provision of any law, statute, rule or regulation to which the Borrower or IFF Member is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or IFF Member or to any of its properties, (iv) will not result in a breach of or constitute a default under any indenture or bonds or credit agreement or any other agreement, lease or instrument to which the Borrower or IFF Member is a party or by which the Borrower or IFF Member or any of its properties are bound or affected and (v) will not result in, or require, the creation or imposition of any Lien on any property now owned or hereafter acquired by the Borrower, except as provided in the Loan Documents.

- 3.3 Enforceability. The execution and delivery of this Agreement and the other Loan Documents to which the Borrower or IFF Member is or is to become a party will result in valid and legally binding obligations of the Borrower or IFF Member, if applicable, enforceable against it in accordance with the respective terms and provisions hereof and thereof except that enforceability (i) may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally, and (ii) is subject to general principles of equity.
- 3.4 Insurance. The Borrower maintains insurance with financially responsible issuers covering such risks and in such amounts and with such deductibles as is required pursuant to the provisions of Section 4.9 hereof.
- 3.5 Financial Statements. There has been furnished to the GSSIF Senior Lender an audited balance sheet of IFF Member as of the Balance Sheet Date, and the related statements of operations, statements of cash flows and statements of changes in net assets for the Fiscal Year then ended, which audited statement has been certified by the independent certified public accountants of or IFF Member. Such balance sheet and statement of operations, statements of cash flows and statements of changes in net assets have been prepared in accordance with GAAP and fairly present the financial condition of IFF Member as at the close of business on the date thereof and the results of operations for the Fiscal Year then ended. There are no liabilities of IFF Member as of such date, contingent or otherwise, involving material amounts, known to officers of IFF Member which are not disclosed in said balance sheets and the related notes thereto. Borrower has engaged in no business activities other than the execution and delivery of, and has no liabilities of any kind other than as expressly set forth in, the Core Documents to which it is a party.
- 3.6 No Changes Since Date of Last Audited Financial Statement. Since the Balance Sheet Date, there have been no changes in the assets, liabilities, financial condition or affairs of IFF Member that caused or could be reasonably anticipated to cause a Material Adverse Effect.
- 3.7 Litigation. There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Borrower, threatened against or affecting Borrower or any properties or rights of Borrower.
- 3.8 No Materially Adverse Contracts, Etc. The Borrower is not subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation that has caused or could reasonably be anticipated to cause a Material Adverse Effect.
- 3.9 Compliance With Other Instruments, Laws, Etc. The Borrower (i) is not in violation of any provision of its certificate of formation, operating agreement and other governing documents, (ii) is not in violation of any provision of any decree,

order, judgment, statute, license, rule or regulation, and (iii) has not breached any of its material obligations, and is not in default, under any agreement or instrument to which it may be subject or by which it or any of its properties may be bound.

3.10 Exempt Status.

3.10.1 (a) IFF Member is an organization described in §501(c)(3) of the Code; (b) IFF Member has received a letter from the Internal Revenue Service to that effect (a “**Determination Letter**”); (c) such Determination Letter has not been modified, limited or revoked, and remains in full force and effect, and IFF Member has not received any indication that the Internal Revenue Service is considering the revocation or modification of such Determination Letter; (d) IFF Member is in compliance with all terms, conditions and limitations, if any, contained in its Determination Letter; (e) the facts and circumstances which form the basis of such Determination Letter continue substantially to exist as represented to the Internal Revenue Service, and IFF Member has not (i) changed its purposes, character, activities or methods of operation in a material way, (ii) diverted a substantial portion of its corpus or income for a purpose other than the purpose for which it is organized and operated, (iii) operated since its organization in a manner that could result in its being classified as an “action” organization within the meaning of section 1.501(c)(3)-(i)(c)(3) of the regulations promulgated under the Code, or (D) engaged in any “excess benefit transaction” (as defined in §4958(c)(i)(A) of the Code) which could reasonably be anticipated to have a Material Adverse Effect; (f) IFF Member is not a “private foundation” as defined in §509(a) of the Code; and (g) IFF Member is exempt from federal income taxes under §501(a) of the Code and has not taken any action that would cause it to lose such exemption.

3.10.2 All federal and other applicable tax or information statements, certificates and reports of IFF Member required by law to be filed prior to the date hereof in order to establish and maintain the exemptions from taxation under the applicable federal tax law have been duly filed; all tax returns of IFF Member required by law to be filed have been duly filed, and all taxes, fees and other governmental charges (other than those being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been established and are reflected in the Financial Statements delivered pursuant to Section 3.5) upon IFF Member (including without limitation all those shown on such returns) which are due and payable have been paid. All federal tax and information returns of IFF Member through its Fiscal Year ended June 30, 2013 have been filed with the Internal Revenue Service and the results of any audits with respect to such Fiscal Years are fully reflected in the latest balance sheets contained in the Financial Statements delivered pursuant to Section 3.5. IFF Member does not know of any material assessments for

which adequate reserves appearing in the balance sheets contained in the Financial Statements delivered pursuant to Section 3.5 have not been established. IFF Member has made adequate provisions for all current taxes, and to the best knowledge of IFF Member there will not be any additional assessments for any fiscal periods prior to and including that which ended on the date of said balance sheet in excess of the amounts reserved therefor.

- 3.11 No Event of Default or Sentinel Event. No Event of Default and no Sentinel Event has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.
- 3.12 Solvency. The value of all property of the Borrower is not less than the probable liability on the Borrower's debts, and the Borrower does not have unreasonably small capital to conduct its business.
- 3.13 OFAC. Neither Borrower nor IFF Member, to the best of their knowledge after due inquiry, any of its Affiliates (a) is currently the subject of any Sanctions, (b) is located, organized or residing in any Designated Jurisdiction, or (c) is or has been (within the previous five (5) years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. No Senior Loan, nor the proceeds from any Senior Loan, has been used, directly or indirectly, to lend, contribute, provide, or has otherwise been made available to fund any activity or business in any Designated Jurisdiction or to fund any activity or business of any person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including the Bank) of Sanctions.
- 3.14 Regulation U. Borrower is not engaged principally, or as one of Borrower's important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System of the United States, as the same is from time to time in effect, and all official rulings and interpretations thereunder and thereof); and no part of the proceeds of the Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (a) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose or (b) for any purpose which entails a violation of, or which is inconsistent with, the provisions of Regulation G, T, U, X or any other Regulation of the Board of Governors of the Federal Reserves System of the United States, as each of the same is from time to time in effect, and all official ruling and interpretations thereunder and thereof.

4. AFFIRMATIVE COVENANTS. Until the indefeasible payment in full of all Obligations and the end of the Term, Borrower covenants and agrees that it will:
 - 4.1 Maintenance and Enforcement of Core Documents. Borrower will cause the Core Documents to remain in full force and effect with no default on the part of Borrower thereunder. Borrower will give prompt notice to GSSIF Senior Lender of any default by any party under any of the Core Documents and the giving by any party of any notice or the receipt by Borrower of any communication (whether oral or written) alleging any such default. Borrower will apply all resources that are available to it to enforce the provisions of the Core Documents.
 - 4.2 Application of Proceeds of GSSIF Senior Loan and Certain Philanthropic Funding.
 - 4.2.1 From the Project Year Initial Advance for each Project Year 2014-2015, 2015-2016, 2016-2017 and 2017-2018, the Fee/Expense Amount approved by the GSSIF Senior Lender shall be the source of the payment of the fees and reimbursable expenses of Borrower, Evaluator and Technical Services Provider for each year of the Project with respect to the CPC Funded Program Slots funded in such Project Year, provided that the payment of the fees of the Evaluator shall be subject to Section 4.2.3. As and when any portion of the Fee/Expense Amount is due to be paid to Borrower, the Evaluator or the Technical Services Provider, Borrower shall certify such amount to the Lender Representative and if such certification is approved by the Lender Representative the Borrower shall pay such amount to the Evaluator or the Technical Services Provider.
 - 4.2.2 Borrower shall cause the entire amount of the proceeds of each Advance to be promptly applied, without any deduction whatsoever other than the Fee/Expense Amount, to the payment of the IFF Program Transfer Amounts and in accordance with the applicable Project Year Budget (but not in excess of the corresponding Project Draw Request of CPS for the applicable period).
 - 4.2.3 Borrower shall cause the entire amount of the Finnegan Family Foundation grant referred to in Section 2.2.1.20 to be applied to the fees of the Evaluator for the Initial Project Year and the first Subsequent Project Year. Borrower shall use reasonable commercial efforts to obtain additional philanthropic funding to obtain payment for the fees of the Evaluator for the second and third Subsequent Project Years and shall only request the funding of the Evaluator fees for such Project Years (i) to the extent such philanthropic funding is not available, (ii) subject to the confirmation by Borrower that an Evaluator approved by CPS and the City and Approved by the Lender Committee has agreed to perform all Services as such term is defined in the Evaluation Agreement for all periods through October 1 of the year following the Project Year in which the last Cohort completes sixth grade for compensation in the maximum

aggregate amount of \$319,000, (iii) up to the maximum amount of \$319,000 in aggregate amounts from all Lenders and (iv) to the extent permitted by the Schedule 1(c).

- 4.3 **Monitoring of Performance.** Borrower will monitor the performance by the City and CPS under the City PFS Agreement and the Technical Services Provider under the Technical Services Agreement. Promptly upon the receipt or delivery thereof, Borrower will provide GSSIF Senior Lender with a copy of any written communications between Borrower on the one hand and a party to any Core Document on the other hand (other than routine administrative e-mails that do not involve any assessment of the progress or results of or issues of concern related to the CPS CPC Program).
- 4.4 **Punctual Application of Success Payment.** The Borrower will duly and punctually take all steps necessary on its part to cause the proceeds of the Pay-for-Success Payments from the City and CPS under the City PFS Agreement to be applied promptly upon receipt in accordance with the Priority of Payments Schedule and the terms of this Agreement.
- 4.5 **Required Reports.** Borrower will provide to GSSIF Senior Lender (i) the reports set forth on Schedule 4.5 and (ii) any other programmatic reports requested by GSSIF Senior Lender from time to time and as Borrower (and to the extent applicable the City and CPS) is able to provide without unreasonable effort or material expense.
- 4.6 **Records and Accounts; Inspection If Requested.** The Borrower will keep true and accurate books of account in accordance with GAAP consistently applied throughout the periods involved and will maintain adequate accounts and reserves for all material contingencies, maintain its current Fiscal Year, and permit the GSSIF Senior Lender to inspect (upon reasonable prior written notice except if an Event of Default and/or Sentinel Event is continuing, in which case no such notice shall be required) the Borrower's premises to examine and, to the extent permitted by applicable law, make copies and abstracts of and be advised as to such or other business records upon the request of the GSSIF Senior Lender, all at such reasonable times and intervals as the GSSIF Senior Lender may desire.
- 4.7 **Maintenance of Existence.** The Borrower will (a) maintain its existence as a limited liability company, and (b) maintain its chief executive office at its current location, or at such other place in the United States of America as the Borrower shall designate upon written notice to the GSSIF Senior Lender, where notices, presentations and demands to or upon the Borrower in respect of the Loan Documents may be given or made, and the Borrower will not change its name unless it shall have notified the GSSIF Senior Lender thirty (30) days prior to any such change.
- 4.8 **Notice of Litigation and Other Material Events.** The Borrower will notify the GSSIF Senior Lender promptly in writing whenever (a) the Chief Executive

Officer, (b) the Chief Financial Officer or (c) the counsel of the Borrower has actual knowledge of the occurrence of any Event of Default or any Sentinel Event. In addition, the Borrower shall promptly notify the GSSIF Senior Lender in writing of (a) any noncompliance with ERISA or of the commencement of (or any material change or event in) any litigation, investigation or proceeding in respect thereof that could be reasonably anticipated to have a Material Adverse Effect, (b) any material change of any of its Articles of Incorporation, by-laws and other governing documents, (c) any threatened or pending litigation, arbitration or other proceeding that could, if adversely decided, be reasonably anticipated to have a Material Adverse Effect, or any material change or event in any such litigation or proceeding previously reported, and (d) claims with respect to or affecting any assets or business of the Borrower that could reasonably be anticipated to have a Material Adverse Effect.

4.9 Insurance.

4.9.1 The Borrower will maintain with respect to its properties and businesses insurance with financially sound and reputable insurers in the following coverage types and in the following minimum coverage amounts:

4.9.1.1 General Liability, with limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;

4.9.1.2 Automobile Liability, with a combined single limit of \$1,000,000;

4.9.1.3 Umbrella Liability, with a limit of \$5,000,000 per occurrence;

4.9.1.4 Workers Compensation and Employers Liability, with a limit of \$1,000,000;

4.9.1.5 Crime/Employee Dishonesty, with a limit of \$500,000; and

4.9.1.6 Errors & Omissions, with a limit of \$2,000,000.

4.9.2 The Borrower will provide the GSSIF Senior Lender with certificates evidencing such insurance promptly upon the request of the GSSIF Senior Lender from time to time.

4.9.3 All policies of such insurance shall name GSSIF Senior Lender as a named insured and shall be written by insurance companies satisfactory to the GSSIF Senior Lender, qualified to do business in the State of Illinois (unless such qualification to do business is not required by applicable law) and the insurance required by this Section 4.9 shall not be cancelable without at least thirty (30) days' prior written notice to the GSSIF Senior Lender (or ten (10) Business Days with respect to general liability insurance). The Borrower covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery under

the aforesaid insurance policies. All policies of such insurance required hereby shall be open to inspection by the GSSIF Senior Lender at all reasonable times. Certificates of insurance describing such policies shall be furnished by the Borrower to the GSSIF Senior Lender at or prior to the execution and delivery of this Agreement, and a complete list describing the policies and certificates as of December 31 of each calendar year shall be furnished annually within thirty (30) days after each December 31 by the Borrower to the GSSIF Senior Lender, together with a certificate of an authorized officer of the Borrower certifying that such insurance meets all the requirements of this Section 4.9. If any material change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be furnished promptly to the GSSIF Senior Lender by the Borrower. The provisions of this Section 4.9.3 shall not apply to any professional liability insurance policy.

- 4.10 Maintenance of Exempt Status. The Borrower cause IFF Member to maintain its existence as an organization described in §501(c)(3) of the Code.
- 4.11 Compliance with Laws, Contracts and Licenses. The Borrower will comply in all material respects with (a) the applicable laws and regulations applicable to the Borrower, (b) the provisions of its certificate of formation, operating agreement and other governing documents, (c) all agreements and instruments by which it or any of its properties may be bound, (d) all decrees, orders, and judgments applicable to the Borrower and any subsidiary of the Borrower, and (e) all licenses and permits required by laws and regulations applicable to any such Person, in each case non-compliance with which would cause a Material Adverse Effect. If at any time while any Obligation is outstanding any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that the Borrower may fulfill any of its obligations hereunder, the Borrower will immediately take or cause to be taken all commercially reasonable steps within the power of the Borrower to obtain such authorization, consent, approval, permit or license and furnish the GSSIF Senior Lender with evidence thereof, including, without limitation, the obtaining of all approvals of any Governmental Authority which are then required by law for or in connection with any action or transaction contemplated with respect to the Obligations, and at the GSSIF Senior Lender's request, prepare, sign where appropriate and file with any Governmental Authority any application or applications for consent, or any license, permit or transfer of control thereof, necessary or appropriate under the rules or regulations imposed by any Governmental Authority for any exercise of the remedies under the Loan Documents.
- 4.12 Further Assurances. The Borrower will cooperate with, and will do such further acts and execute such further instruments and documents as the GSSIF Senior Lender shall reasonably request in order to perfect, insure and continue the rights, interests and powers of the GSSIF Senior Lender in respect of the rights and interests of the GSSIF Senior Lender under this Agreement and to carry out to the

Senior Lender's reasonable satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

- 4.13 Replacement Service Provider. In the event of a termination of the Technical Service Agreement or Evaluator, provided that GSSIF Senior Lender determines that a replacement service provider can feasibly be identified, Borrower shall engage a replacement service provider that is reasonably satisfactory to GSSIF Senior Lender within 90 days after such termination.
- 4.14 Meetings. Borrower shall participate in periodic meetings with Lenders to review the progress of the Project and any other issues related to the Project. Further, in the event of any dispute in connection with the Project, Borrower shall participate in a meeting with Lenders and any other interested party agreed upon by Borrower and Lenders to endeavor to resolve such dispute promptly after receipt of notice thereof.
- 4.15 Single Purpose Entity Covenants. Borrower has not and shall not:
- (a) engage in any business or activity other than entering into and carrying out its obligations under the Core Documents and activities incidental thereto;
 - (b) acquire or own any material assets other than such incidental personal property as may be necessary in connection with entering into and carrying out its obligations under the Core Documents;
 - (c) merge into or consolidate with any person or entity or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;
 - (d) (A) fail to observe its organizational formalities or preserve its existence as an entity duly organized, validly existing and in good standing under the laws of the State of Illinois, or (B) without the prior written consent of GSSIF Senior Lender, amend, modify, terminate or fail to comply with the provisions of its organizational documents;
 - (e) own any subsidiary or make any investment in, any person or entity without the consent of the GSSIF Senior Lender;
 - (f) except as otherwise expressly permitted hereunder, commingle its assets with the assets of any of its members, general partners, affiliates, principals or of any other person or entity, participate in a cash management system with any other entity or person or fail to use its own separate stationery, invoices and checks;
 - (g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than pursuant to the Loan Documents, except for trade payables in the ordinary course of its business of owning and operating the Property, provided that such debt (A) is not evidenced

by a note, (B) is paid within sixty (60) days of the date incurred, and (C) is payable to trade creditors and in amounts as are normal and reasonable under the circumstances;

- (h) become insolvent and fail to pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due;
- (i) (A) fail to maintain its records (including financial statements), books of account and bank accounts separate and apart from those of IFF Member, the affiliates of IFF Member, and any other person or entity, (B) permit its assets or liabilities to be listed as assets or liabilities on the financial statement of any other entity or person except as otherwise required or permitted by applicable law or accounting guidelines, including FIN 46, or (C) include the assets or liabilities of any other person or entity on its financial statements;
- (j) enter into any contract or agreement with any member, general partner, principal or affiliate of the Borrower, or any member, general partner, principal or Affiliate thereof, except upon terms and conditions that are commercially reasonable, intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any member, general partner, principal or Affiliate of the Borrower, or any member, general partner, principal or affiliate thereof;
- (k) seek the dissolution or winding up in whole, or in part, of the Borrower;
- (l) fail to correct any known misunderstandings regarding the separate identity of the Borrower or managers, as the case may be, or any member, general partner, principal or affiliate thereof or any other person;
- (m) guarantee or become obligated for the debts of any other entity or person or hold itself out to be responsible for the debts of another entity or person;
- (n) make any loans or advances to any third party, including any member, general partner, principal or affiliate of the Borrower, or any member, general partner, principal or affiliate thereof, or acquire obligations or securities of any member, general partner, principal or affiliate of the Borrower, or any member, general partner, or affiliate thereof;
- (o) fail to cause IFF Member to file tax returns that include Borrower;
- (p) be included on the tax returns of any other person or entity other than IFF Member or as required or permitted by applicable law;
- (q) fail either to hold itself out to the public as a legal entity separate and distinct from any other entity or person or to conduct its business solely in

its own name or a name franchised or licensed to it by an entity other than an affiliate of the Borrower, and not as a division or part of any other entity in order not (A) to mislead others as to the identity with which such other party is transacting business, or (B) to suggest that Borrower, is responsible for the debts of any third party (including any member, general partner, principal or affiliate of the Borrower, or any member, general partner, principal or affiliate thereof);

- (r) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided that this Section 4.15(r) shall not require IFF Member to contribute capital to the Borrower;
- (s) share any common logo with or hold itself out as or be considered as a department or division of (A) any general partner, principal, member or affiliate of the Borrower, (B) any affiliate of a general partner, principal or member of the Borrower, or (C) any other person or entity;
- (t) fail to allocate fairly and reasonably any overhead expenses that are shared with an affiliate, including paying for office space and services performed by any employee of an affiliate;
- (u) pledge its assets for the benefit of any other person or entity, and with respect to the Borrower, other than pursuant to the Loan Documents;
- (v) fail to maintain a sufficient number of employees or access to sufficient services in light of its contemplated business operations;
- (w) file or consent to the filing of any petition, either voluntary or involuntary, take advantage of any applicable insolvency, bankruptcy, liquidation or reorganization statute, or make an assignment for the benefit of creditors without the consent of GSSIF Senior Lender;
- (x) fail to hold its assets in its own name; or
- (y) have any of its obligations guaranteed by an affiliate, except for any guarantees in favor of GSSIF Senior Lender;

provided that nothing in Section 4.15 shall require the Borrower to operate in a manner that would result in the Borrower not being treated as a disregarded entity for federal income tax purposes.

4.16 Treatment for Tax Purposes. Borrower shall treat the GSSIF Senior Loan as debt for federal income tax purposes. Borrower shall report interest expense with respect to the GSSIF Senior Debt consistently with the projected payment schedule certified by Borrower pursuant to Section 2.12.

5. NEGATIVE COVENANTS. Until payment in full of all Obligations or forgiveness thereof in accordance with Section 2.6.2, Borrower covenants and agrees that:
 - 5.1 Amendment or Modification of Core Documents. Without the consent of Senior Lenders, Subordinate Lender, the City and CPS, Borrower will not amend or modify the Core Documents.
 - 5.2 No Termination of Services Agreements. Borrower will not terminate the Technical Services Agreement, except, upon notice to and after consultation with Senior Lenders, Subordinate Lender, the City and CPS for non-performance by the applicable counterparty.
 - 5.3 Borrower shall not consent to or cause or permit any change, modification or amendment to the Evaluation Plan or the Core Program Principles without the prior written consent of the GSSIF Senior Lender, the City and CPS.
 - 5.4 City PFS Agreement. Borrower shall not grant any consent under, or amend or waive any provision of, the City PFS Agreement without the prior written consent of the GSSIF Senior Lender, the City and CPS.
6. CERTAIN MISCELLANEOUS RIGHTS OF GSSIF SENIOR LENDER
 - 6.1 Rights and Remedies. Upon and during the continuation of an Event of Default and/or any Sentinel Event hereunder, GSSIF Senior Lender shall be entitled to all rights and remedies of a secured party under the Uniform Commercial Code as enacted in New York, as the same may be amended from time to time, with respect to all Collateral.
 - 6.2 Financing Statements. GSSIF Senior Lender is hereby authorized by Borrower to cause to be filed any financing statements as GSSIF Senior Lender may deem necessary for the purpose of protecting or perfecting GSSIF Senior Lender's interest in the Collateral as a secured party under the Uniform Commercial Code. GSSIF Senior Lender shall give Borrower notice of any filings made hereunder at substantially the same time such filings are made. Borrower also ratifies its authorization of GSSIF Senior Lender to have filed in any jurisdiction any like initial financing statements or amendment hereto if filed prior to the date hereof.
 - 6.3 Certain Pledges. The GSSIF Senior Lender may assign, pledge and/or grant a security interest in all or any portion of its Loans, the other Obligations owed by or to GSSIF Senior Lender, and its notes, if any, to secure obligations of such Senior Lender including any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors and any operating circular issued by such Federal Reserve Bank; provided, that GSSIF Senior Lender, as between Borrower and such GSSIF Senior Lender, shall not be relieved of any of its obligations hereunder as a result of any such assignment and pledge, and provided further, that in no event shall the applicable Federal Reserve Bank, pledgee or trustee, be considered to be a "Lender" or be entitled to require the assigning GSSIF Senior Lender to take or omit to take any action hereunder.

7. EVENTS OF DEFAULT AND SENTINEL EVENTS. The occurrence of any event or circumstance described in Section 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9 or 7.11 shall constitute an event of default (“**Event of Default**”), and the occurrence of any event or circumstance described in Section 7.10, 7.12, 7.13 and/or 7.14 shall constitute a sentinel event (“**Sentinel Event**”):
- 7.1 Non-Payment. If Borrower fails to take any action required on its part to cause, or if Borrower takes any action that interferes with, the timely payment to GSSIF Senior Lender of any amount from the Designated Accounts that is required to be paid to the GSSIF Senior Lender in accordance with Section 2.6.1.
- 7.2 Non-Compliance with Covenants. If Borrower fails to perform or observe any covenant, term or condition of this Agreement, the Loan Documents or any other agreement with GSSIF Senior Lender to be performed or observed by Borrower (other than the covenant described in Section 7.1), and such failure is not cured within ten (10) days after notice thereof by GSSIF Senior Lender.
- 7.3 Falsity of Representations and Warranties. If Borrower shall have made any representation or warranty in this Agreement or any other Loan Document or in any document or certificate executed by Borrower incident to this Agreement, which is at any time found to have been false in any material respect at the time such representation or warranty was made (or, if such representation or warranty refers to an earlier date, such earlier date).
- 7.4 Default by Borrower Under any Core Document. If Borrower fails to cure any event of default under any Core Document within ten (10) days after notice by GSSIF Senior Lender thereof, which event of default, if not cured, could reasonably be expected to have a Material Adverse Effect.
- 7.5 Bankruptcy or Insolvency. The filing of any petition or complaint under the U.S. Bankruptcy Code or other federal or state act of similar nature by Borrower or IFF Member, or if filing of any petition or complaint under the U.S. Bankruptcy Code or other federal or state act of similar nature against Borrower or IFF Member is an involuntary filing under the U.S. Bankruptcy Code or other federal or state act and such petition or complaint is not discharged or dismissed within ninety (90) days.
- 7.6 Appointment of Receiver or Assignee. If a receiver, trustee, conservator or liquidator is appointed for Borrower or IFF Member, and same is not discharged within thirty (30) days, or an assignment for the benefit of creditors is made by Borrower or IFF Member for all or a substantial part of its assets; or Borrower or IFF Member shall be adjudicated bankrupt, insolvent or in need of any relief provided to debtors by any court.
- 7.7 Undischarged Final Judgment. If any final judgment or judgments, or any levy, sequestration, or attachment, which in the aggregate exceed \$10,000 against Borrower its property, remains, unpaid, undischarged, unsatisfied, unbonded or

undismissed, and the Borrower shall not pay, discharge, satisfy, bond, or have dismissed the same or cause payment, discharge, satisfaction, bonding, or dismissal within forty-five (45) days from the entry of judgment, imposition of levy, sequestration or attachment, or shall not appeal such action.

- 7.8 Action by Borrower to Cancel, Revoke or Rescind any of the Loan Documents. If Borrower takes any action to cancel, revoke or rescind any of the Loan Documents.
- 7.9 Loss of Exempt Status. If IFF Member fails to maintain its existence as an organization described in §501(c)(3) of the Code.
- 7.10 Evaluator. If at any time the Evaluator has been terminated, or for any reason is no longer serving, and a replacement evaluator appointed in accordance with the Evaluation Agreement has not been appointed within 90 days with the written approval from the Lender Committee.
- 7.11 Event of Default Under Pledge and Security Agreement . If an Event of Default shall occur and be continuing under and as defined in the Pledge and Security Agreement .
- 7.12 Loan Event of Default. If an Event of Default occurs under and as defined in the NT Senior Loan Agreement or the Subordinate Loan Agreement.
- 7.13 City Project Year Appropriated Amount. If any given City Project Year Appropriated Amount is reduced, conditioned or qualified in any manner that is not approved by GSSIF Senior Lender. If any of the agreements or arrangements pertaining to the City PFS Escrow Account are terminated, amended or applied in a manner that is not satisfactory to GSSIF Senior Lender.
- 7.14 Board Project Year Budgeted Amount. If any given Board Program Funds or Board Budgeted Pay-For-Success Funds Budgeted Amount are reduced, conditioned or qualified in any manner that is not approved by GSSIF Senior Lender.

8. REMEDIES

- 8.1 Acceleration; Proceed against Collateral. Upon the occurrence of an Event of Default or a Sentinel Event or the exercise by GSSIF Senior Lender of its right to discontinue funding in accordance with Section 2.3, (a) the total amount of unpaid principal of, but not any accrued and unpaid interest on the GSSIF Senior Loan shall, at GSSIF Senior Lender's option, become immediately due and payable without notice to Borrower whereupon GSSIF Senior Lender shall have the right to cause funds to be withdrawn from the Designated Accounts up to the full amount held therein to repay the principal of, any accrued and unpaid Stated Interest on, and unpaid GSSIF Success Fees in respect of the GSSIF Senior Loan and (b) GSSIF Senior Lender shall have no further obligation to make any Advances. Upon the application of the full amount of the amounts in the

Designated Accounts through December 31 of the Project Year in which the last Subsequent Project Year Cohort completes twelfth grade (or, if earlier, upon the Maturity Date if such date is determined as described in clause (i) of the definition of Maturity Date), and subject to (and without limiting) any liability that Borrower or IFF Member may have under the Limited Recourse Carve-Out Agreement or pursuant to Section 11.12.5, any unpaid obligations of Borrower with respect to the unpaid principal balance of the GSSIF Senior Loan, any unpaid Stated Interest and any accrued and unpaid GSSIF Success Fees shall be forgiven and any other obligations of Borrower hereunder shall be cancelled.

- 8.2 Cumulative Remedies; Waivers. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to GSSIF Senior Lender at law or in equity. No express or implied waiver by GSSIF Senior Lender of any default or Event of Default or any Sentinel Event hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent default or Event of Default or Sentinel Event. The failure or delay of GSSIF Senior Lender in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by GSSIF Senior Lender shall not exhaust the same or constitute a waiver of any other right provided herein.
- 8.3 Standards for Exercising Remedies. To the extent that applicable law imposes duties on GSSIF Senior Lender to exercise remedies in a commercially reasonable manner, Borrower acknowledges and agrees that it is not commercially unreasonable for GSSIF Senior Lender (a) to fail to incur expenses reasonably deemed significant by GSSIF Senior Lender to prepare Collateral for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against Borrower or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against Borrower and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to contact other Persons, whether or not in the same business as Borrower, for expressions of interest in acquiring all or any portion of the Collateral, (f) to provide credit terms to potential purchasers to facilitate the sale of the Collateral, or (g) to the extent deemed appropriate by GSSIF Senior Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist GSSIF Senior Lender in the collection or disposition of any of the Collateral. Borrower acknowledges that the purpose of this Section 8.3 is to provide non-exhaustive indications of what actions or omissions by GSSIF Senior Lender would not be commercially unreasonable in GSSIF Senior Lender's exercise of remedies against the Collateral and that other actions or omissions by GSSIF Senior Lender shall not be deemed commercially unreasonable solely on account of not being

indicated in this Section 8.3. Without limitation upon the foregoing, nothing contained in this Section 8.3 shall be construed to grant any rights to Borrower to impose any duties on GSSIF Senior Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 8.3.

9. WAIVERS

9.1 Waiver of Defenses. Borrower agrees that its obligations under this Agreement and the other Loan Documents are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents, or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guaranty of or security for the Indebtedness evidenced hereby, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense, it being the intent of this Section 9.1 that the obligations of Borrower hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Borrower hereunder which shall remain absolute and unconditional as described above:

9.1.1 any of the acts required or contemplated in any of the provisions of any of the Loan Documents or any other agreement or instrument referred therein may be performed or omitted;

9.1.2 the maturity of all or any portion of the Indebtedness evidenced hereby may be accelerated as may be provided hereunder, or the Maturity Date may be extended, or all or any of portion of the Indebtedness evidenced hereby may be waived, modified, supplemented or amended in any respect, or any right under any of the Loan Documents or any other agreement or instrument referred to therein may be waived or extended or any other guaranty of all or any portion of the Indebtedness evidenced hereby or any security therefor may be released or exchanged in whole or in part or otherwise dealt with;

9.1.3 GSSIF Senior Lender receives and holds security for the payment of the Indebtedness evidenced hereby or any other indebtedness of Borrower to GSSIF Senior Lender and exchanges, enforces, waives, releases, fails to perfect, sells, or otherwise disposes of any such security;

9.1.4 GSSIF Senior Lender applies such security and directs the order or manner of sale thereof as GSSIF Senior Lender in its discretion may determine;

- 9.1.5 GSSIF Senior Lender releases or substitutes all or any portion of the Indebtedness evidenced hereby or any other indebtedness of Borrower to GSSIF Senior Lender;
- 9.1.6 any Lien granted to, or in favor of, GSSIF Senior Lender as security for all or any portion of the Indebtedness evidenced hereby shall fail to attach or be perfected;
- 9.1.7 all or any portion of the Indebtedness evidenced hereby or any Lien granted or purported to be granted in respect thereof shall be determined to be void or voidable or shall be subordinated to the claims of any Person; or
- 9.1.8 there shall occur any insolvency, bankruptcy, reorganization or dissolution of Borrower.

With respect to its obligations hereunder, Borrower hereby expressly waives diligence, presentment, demand of payment (except for such demands provided for in the Loan Documents), protest and all notices (except for notices provided for in the Loan Documents) whatsoever, and any requirement that GSSIF Senior Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents or any other agreement or instrument referred to therein, or against any other Person under any other guaranty of, or security for, or obligation relating to, all or any portion of the Indebtedness evidenced hereby.

- 9.2 Reinstatement. The obligations of Borrower hereunder shall be automatically reinstated if and to the extent that for any reason any payment or performance by or on behalf of any Person in respect of the Indebtedness evidenced hereby is rescinded or must be otherwise restored by any holder of any of the Indebtedness evidenced hereby, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Borrower agrees that it will pay to GSSIF Senior Lender on demand all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable fees of counsel) incurred by GSSIF Senior Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.
- 9.3 Certain Additional Waivers. Without limiting the generality of the provisions of any other provision of this Article 9, Borrower hereby specifically waives: (a) promptness, diligence, notice of acceptance and any other notice (except for notices provided for in the Loan Documents) with respect to all or any portion of the Indebtedness evidenced hereby or any other obligations under the Loan Documents or this Article 9, (b) any requirement that GSSIF Senior Lender or any other Person protect, secure or insure any Lien or any property subject thereto or exhaust any right or take any action against Borrower or any other Person or any collateral or undertake any marshalling of assets, (c) any right to direct the order

of enforcement of remedies, (d) any defense arising by reason of any claim or defense based upon an election of remedies by GSSIF Senior Lender which in any manner impairs, reduces, releases or otherwise adversely affects its subrogation, contribution or reimbursement rights or other rights to proceed against Borrower or any other Person or any collateral, (e) any duty on the part of Senior Lender to disclose to Borrower any matter, fact or thing relating to the business, operation or condition of Borrower or any other party to any of the Loan Documents and their assets now known or hereafter known by GSSIF Senior Lender, and (f) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of the guaranty provided for in this Article 9 (except for demands and notices provided for in the Loan Documents) and, without GSSIF Senior Lender's prior written consent, the existence, creation, or incurrence of new or additional Indebtedness.

10. LIMITED RECOURSE

10.1 Anything to the contrary in any Loan Document notwithstanding, except to the extent expressly provided in Section 2.6.4, Section 11.12 and in the Limited Recourse Carve-Out Agreement, the recourse of the GSSIF Senior Lender against the Borrower in respect of the Obligations shall be limited to the Pay-for-Success Payments payable to or for the account of Borrower under the City PFS Agreement and the Intergovernmental Agreement.

11. MISCELLANEOUS

11.1 This Agreement and all covenants, agreements, indemnities, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the issuance of the GSSIF Senior Loan, and shall continue in full force and effect so long as all or any of the Obligations is outstanding and unpaid. Whenever in this Agreement any Person is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such Person (provided that the foregoing shall not be deemed to permit any transfer of any ownership interest that is otherwise prohibited hereunder). All covenants, promises and agreements in this Agreement contained, by or on behalf of Borrower shall inure to the benefit of the successors and assigns of GSSIF Senior Lender.

11.2 Governing Law; Consent to Jurisdiction.

11.2.1 THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY GSSIF SENIOR LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE GSSIF SENIOR LOAN WILL BE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING MATTERS OF

CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER OR UNDER ANY OTHER LOAN DOCUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND ANY OTHER LOAN DOCUMENT, AND THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO § 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

11.2.2 ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST GSSIF SENIOR LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE BOROUGH OF MANHATTAN, NEW YORK, NEW YORK, PURSUANT TO § 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING AND HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. EACH PARTY HERETO DOES HEREBY AGREE THAT SERVICE OF PROCESS UPON SUCH PARTY MAILED OR DELIVERED TO SUCH PARTY IN THE MANNER PROVIDED HEREIN FOR THE GIVING OF NOTICE SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON SUCH PARTY IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK.

11.2.3 Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to in Section 11.2.2 and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

11.3 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure therefrom by any party thereto, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall

be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on any party hereto shall entitle any such party to any other or future notice or demand in the same, similar or other circumstances.

- 11.4 Delay Not a Waiver. Neither any failure nor any delay on the part of GSSIF Senior Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, GSSIF Senior Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.
- 11.5 Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing (regardless whether the provision in question requires that notice be in writing) and shall be effective for all purposes if hand delivered or sent by FedEx or other reputable overnight delivery service, addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section 11.5):

If to Senior Lender: c/o Goldman Sachs Social Impact Fund, L.P.
200 West Street
New York, New York 10282
Attention: Andrea L. Phillips

with a copy to: c/o Goldman Sachs Bank USA
200 West Street
New York, New York 10282
Attention: Andrea Gift

with a copy by
electronic mail to: gs-uig-docs@gs.com

with a copy to: Manatt, Phelps & Phillips, LLP
7 Times Square
New York, New York 10036
Attention: Peter F. Olberg

If to Borrower: IFF Pay for Success I, LLC
c/o IFF

One N. LaSalle St.
Suite 700
Chicago, Illinois 60602
Attn: Matthew J. Roth, Chief Operating Officer

With a copy by electronic mail to: mroth@iff.org

with a copy to: DLA Piper LLP (US)
203 N. LaSalle St.
Suite 1900
Chicago, Illinois 60601
Attention: Richard F. Klawiter, Esq.

With a copy by electronic mail to:
richard.klawiter@dlapiper.com

A notice shall be deemed to have been given: in the case of hand delivery, at the time of delivery; or in the case of expedited prepaid delivery, upon the delivery (or refusal) thereof.

- 11.6 Trial by Jury. BORROWER AND GSSIF SENIOR LENDER HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY TO THE FULL EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND SENIOR LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EITHER PARTY HERETO IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY THE OTHER PARTY.
- 11.7 Headings. The Article and Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 11.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

- 11.9 Preferences. GSSIF Senior Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to GSSIF Senior Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by GSSIF Senior Lender. The foregoing is without limitation of the rights in favor of GSSIF Senior Lender set forth in Article 9.
- 11.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from GSSIF Senior Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by GSSIF Senior Lender to Borrower and except with respect to matters for which Borrower are not, pursuant to applicable law, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from GSSIF Senior Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by GSSIF Senior Lender to Borrower.
- 11.11 Remedies of Borrower. In the event that a claim or adjudication is made that GSSIF Senior Lender has acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, GSSIF Senior Lender has an obligation to act reasonably or promptly, Borrower agrees that GSSIF Senior Lender, and its agents, shall not be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment, except in any case where it is determined by a court of competent jurisdiction in a final non-appealable judgment that GSSIF Senior Lender has acted with willful misconduct or gross negligence. The parties hereto agree that any action or proceeding to determine whether GSSIF Senior Lender has acted reasonably shall be determined by an action seeking declaratory judgment.
- 11.12 Expenses; Indemnity.
- 11.12.1 Borrower covenants and agrees to reimburse GSSIF Senior Lender upon receipt of written notice from GSSIF Senior Lender for all reasonable out-of-pocket costs and expenses (including, but not limited to, reasonable attorneys' fees and disbursements) incurred by or on behalf of GSSIF Senior Lender in connection with: (a) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting this Agreement, the other Loan Documents, the Collateral or any other security given for the GSSIF Senior Loan; and (b) enforcing any

obligations of or collecting any payments due from Borrower under this Agreement or the other Loan Documents or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings.

11.12.2 Borrower will indemnify and hold harmless GSSIF Senior Lender and its affiliates and their officers, directors, employees, agents and advisers (collectively, the “**Indemnified Parties**”) from and against all losses, liabilities, claims, damages or related expenses and disbursements of any kind or nature, including, without limitation, reasonable attorneys’ fees and settlement costs (collectively, “**Losses**”) arising from, out of or relating to the GSSIF Senior Loan and the Project, and the use of proceeds of the GSSIF Senior Loan or the commitments (except to the extent arising from the gross negligence or willful misconduct of such Indemnified Party or any of its Related Parties as determined by a court of competent jurisdiction in a final non-appealable judgment).

11.12.3 It is expressly understood and agreed that (i) as used in Section 11.12.2, the term “Losses” shall not, except to the extent provided in the Limited Recourse Carve-Out Agreement, include claims for loss of the principal amount of the GSSIF Senior Loan or any Stated Interest accrued thereunder or any Success Fees payable pursuant hereto, and (ii) the provisions of Section 10 shall not apply to limit the obligations of Borrower pursuant to this Section 11.12.

11.12.4 This Section 11.12 shall survive repayment of the Obligations and termination of this Agreement and shall continue for the benefit of all such Indemnified Parties.

11.12.5 The recourse of GSSIF Senior Lender to Borrower with respect to the obligations described in this Section 11.12 shall be limited to the same extent that the recourse of GSSIF Senior Lender to IFF is limited pursuant to the terms of the Non-Recourse Carve-Out Agreement.

11.12.6 For the avoidance of doubt, GSSIF Senior Lender will not have any liability for any special, punitive, consequential, or indirect damages in connection with the Loan Documents.

11.13 Exhibits and Schedules Incorporated. The Exhibits and Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

11.14 No Joint Venture or Partnership. The parties hereto intend that the relationships created hereunder and under the other Loan Documents be solely that of creditor and debtor. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between or among

the parties hereto nor to grant GSSIF Senior Lender any interest other than that of a lender/creditor secured pursuant to the terms of the Loan Documents.

- 11.15 Waiver of Marshaling of Assets. To the fullest extent Borrower may legally do so, Borrower waives all rights to a marshaling of the assets of Borrower, its owners, if any, and others with interests in such Person, or to a sale in inverse order of alienation in the event of foreclosure of the interests hereby created, and agrees not to assert any right under any laws pertaining to the marshaling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of GSSIF Senior Lender under the Loan Documents to a sale of the Collateral for the collection of the Indebtedness evidenced hereby without any prior or different resort for collection, of the right of GSSIF Senior Lender to the payment of the Indebtedness evidenced hereby out of the net proceeds of the Collateral or any interest therein in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Liens, any equitable right otherwise available to such Borrower which would require the separate sale of the Collateral or require GSSIF Senior Lender to exhaust its remedies against any part of the Collateral before proceeding against any other part or parts thereof; and further in the event of such foreclosure Borrower does hereby expressly consent to and authorize, at the option of GSSIF Senior Lender, the foreclosure and sale either separately or together of any or all of the Collateral.
- 11.16 Conflict; Construction of Documents. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. In case any provision in or obligation hereunder or under any other of the Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or such provision or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of an Event of Default or a Sentinel Event if such action is taken or condition exists.
- 11.17 Brokers and Financial Advisors. Each of GSSIF Senior Lender and Borrower hereby represent that it has dealt with no financial advisors, brokers, underwriters, placement agents, lenders or finders in connection with the transactions contemplated by this Agreement. The provisions of this Section 11.17 shall survive the expiration and termination of this Agreement and the repayment of the Indebtedness evidenced hereby.

- 11.18 Limited Third Party Beneficiaries. This Agreement and the other Loan Documents are solely for the benefit of Borrower and GSSIF Senior Lender, and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than such Persons any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein; provided, however, to the extent that pursuant to any provision of this Agreement the City and/or CPS is accorded an express right to consent to or approve any matter or determination, the City and/or CPS (as applicable) shall be a third party beneficiary of and shall be entitled to enforce such provision. All conditions to the obligations of the issuance of the GSSIF Senior Loan hereunder are imposed solely and exclusively for the benefit of GSSIF Senior Lender, and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that GSSIF Senior Lender will refuse to issue all or any portion of the GSSIF Senior Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by GSSIF Senior Lender if, in its sole discretion, it deems it advisable or desirable to do so.
- 11.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, between Borrower and GSSIF Senior Lender with respect to the subject matter hereof, are superseded by the terms of this Agreement and the other Loan Documents.
- 11.20 Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed signature page by facsimile, PDF or other electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.
- 11.21 Transfers, Sales and Participations. GSSIF Senior Lender shall have the unrestricted right to transfer the GSSIF Senior Loan and the Collateral to any Affiliate and to any fund in which GSSIF Senior Lender or any Affiliate is the general partner or managing member. GSSIF Senior Lender shall also have the unrestricted right to pledge, hypothecate or otherwise leverage its interests in the GSSIF Senior Loan and the Collateral. Notwithstanding the foregoing, GSSIF Senior Lender shall have no right to transfer the GSSIF Senior Loan and/or the Collateral or to pledge, hypothecate or otherwise leverage its interests in the GSSIF Senior Loan and/or the Collateral if as a result the City or CPS were to be placed in violation of any applicable Sanction.
- 11.22 No Fiduciary Duty. Borrower acknowledges that GSSIF Senior Lender and its Affiliates may have economic interests that conflict with those of Borrower

and/or its Affiliates. Borrower agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between GSSIF Senior Lender or its Affiliates, on the one hand, and Borrower or its Affiliates, on the other and that none of GSSIF Senior Lender, GS or any Affiliate of GS is acting as a financial advisor, agent or underwriter to the Borrower or any Affiliates of Borrower, or otherwise on behalf of the Borrower or Affiliates of Borrower, unless retained to provide such services pursuant to a separate written agreement. Borrower acknowledges that it is not relying upon any person, firm or corporation, other than the Borrower and its officers, directors, consultants and advisors in entering into the Loans. Borrower agrees that none of the GSSIF Senior Lender, Goldman, Sachs & Co. (“GS”) or any Affiliate of GS or the respective controlling persons, officers, directors, partners, agents, or employees of any such person shall be liable to Borrower in connection with Borrower’s decision to enter into the Loans. Borrower acknowledges and agrees that (a) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between GSSIF Senior Lender, on the one hand, and Borrower, on the other, and (b) in connection therewith and with the process leading thereto, (x) GSSIF Senior Lender and its Affiliates have not assumed an advisory or fiduciary responsibility in favor of Borrower or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any GSSIF Senior Lender has advised, is currently advising or will advise Borrower or its Affiliates on other matters) or any other obligation to Borrower except the obligations expressly set forth in the Loan Documents and (y) GSSIF Senior Lender and its Affiliates are acting solely as principal and not as the agent or fiduciary of Borrower, its management, stockholders, creditors or any other Person. Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Borrower agrees that it will not claim that GSSIF Senior Lender or its Affiliates have rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to Borrower, in connection with such transaction or the process leading thereto. Notwithstanding anything in this Agreement, none of the provisions of this Agreement shall in any way limit GSSIF Senior Lender, GS or any Affiliate of GS from engaging in any brokerage, investment advisory, financial advisory, anti-raid advisory, principaling, merger advisory, financing, asset management, trading, market making, arbitrage, investment activity and other similar activities conducted in the ordinary course of the respective businesses of GSSIF Senior Lender, GS or the relevant Affiliate of GS or from providing services to Borrower or its Affiliates or earning fees and other compensation from Borrower or its Affiliates if otherwise permitted by law, including, without limitation, the Code.

- 11.23 Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto; provided, however, that Borrower shall not assign and

transfer any of its rights or obligations hereunder without prior written consent of GSSIF Senior Lender.

11.24 Publicity.

11.24.1 Each of GSSIF Senior Lender, NT Senior Lender and Borrower shall provide to the other drafts of announcement strategies, written press statements, web postings, presentations to be given in a public forum or audio, visual or other media presentations to be given in a public forum and any other forms of printed (electronically or otherwise) publicity prepared by it that refer to the GSSIF Senior Loan and/or the Project (“**Promotional Material**”) at least three Business Days prior to the anticipated date of dissemination or release of such Promotional Material, and neither GSSIF Senior Lender, NT Senior Lender nor Borrower shall disseminate or release any Promotional Material without first having obtained the written consent of each other party, the City and CPS. Each of GSSIF Senior Lender, NT Senior Lender and Borrower shall also make best efforts to provide the other party notice of any public conference or other public meeting at which such party proposes to formally present the Project at least ten business days prior to the date of the conference or other meeting.

11.24.2 Any party that creates Promotional Material that is approved by the other party will provide to the other party a final version of such Promotional Material and grant to such other parties a royalty-free and perpetual license to use, reproduce, distribute and publish such Promotional Material.

11.24.3 Senior Lenders and Borrower shall cooperate with one another and share information relating to the dissemination of approved Promotional Material. No party shall use any other party’s name or logo, or those of their affiliates, in any printed material (electronic or otherwise), without first obtaining the written consent of such other party.

11.25 Release of Collateral. At such time as GSSIF Senior Lender acknowledges in writing that the Obligations have been indefeasibly paid in full or forgiven in accordance with Section 2.6.2, (a) only to the extent that (i) all obligations owed by Borrower to the NT Senior Lender have been paid in full and (ii) all obligations owed by Borrower to the Subordinate Lender have been paid in full, the Collateral shall be released from the lien and security interest created under the Pledge and Security Agreement, and (b) this Agreement and all obligations of Borrower hereunder (other than those expressly stated to survive such termination) shall terminate, all without delivery of any instrument or any further action by any party, and all rights of GSSIF Senior Lender to the Collateral shall revert to NT Senior Lender, Subordinate Lender and/or the Borrower, as applicable. At the request of Borrower following any such termination, GSSIF Senior Lender shall execute and deliver to Borrower such documents as Borrower

shall reasonably request to evidence such termination, including without limitation, but only to the extent that (i) all obligations owed by Borrower to the NT Senior Lender have been paid in full and (ii) all obligations owed by Borrower to the Subordinate Lender have been paid in full, any release notices pursuant to the Deposit Account Control Agreements.

- 11.26 Patriot Act Disclosure. The GSSIF Senior Lender hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act.

[Signature page to follow]

IN WITNESS WHEREOF GSSIF Senior Lender and Borrower have set their hands and seals or caused these presents to be executed by the proper corporate officers and sealed with their seal the day and year first above written.

BORROWER:

IFF PAY FOR SUCCESS I, LLC

By: IFF, an Illinois not-for-profit
corporation,
its managing member

By: 
Name: Joe Neri
Title: Chief Executive Officer

GSSIF SENIOR LENDER:

GOLDMAN SACHS SOCIAL IMPACT
FUND, L.P.

By: Goldman Sachs Social Impact Fund
GP, LLC,
its General Partner

By: _____
Name: Carrie Van Syckel
Title: Vice President

IN WITNESS WHEREOF GSSIF Senior Lender and Borrower have set their hands and seals or caused these presents to be executed by the proper corporate officers and sealed with their seal the day and year first above written.

BORROWER:

IFF PAY FOR SUCCESS I, LLC


By: IFF, an Illinois not-for-profit
corporation,
its managing member

By: _____
Name: Joe Neri
Title: Chief Executive Officer

GSSIF SENIOR LENDER:

GOLDMAN SACHS SOCIAL IMPACT
FUND, L.P.

By: Goldman Sachs Social Impact Fund
GP, LLC,
its General Partner

By: 
Name: Carrie Van Syckel
Title: Vice President

Schedule 1(a)-1

Form of Project Year Initial Advance Certificate

[_____, 201_]]

Goldman Sachs Social Impact Fund, L.P.
200 West Street
New York, New York 10282-2198
Attention: Ms. Andrea L. Phillips
Ms. Andrea Gift

Ladies and Gentlemen:

The undersigned, IFF Pay for Success I, LLC (the “Borrower”), refers to the Senior Loan Agreement, dated as of [] (as amended, supplemented or otherwise modified from time to time, the “Senior Loan Agreement,” capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Senior Loan Agreement), between the Borrower and Goldman Sachs Social Impact Fund, L.P. (“Senior Lender”). Borrower hereby directs the advancement by Senior Lender of the amount of the Project Year Initial Advance on the Project Year Initial Advance Date as set forth below and, in that connection, pursuant to the certificate attached hereto certifies that, subject to the Senior Lender’s acceptance of Borrower’s proposal below, the Project Year Initial Advance Conditions have been satisfied. In accordance with the Senior Loan Agreement and as set forth in the Project Year Funding Schedule attached thereto:

- (i) the Project Year Initial Advance Date is _____, 201_;
- (ii) the number of children in the Initial Project Year Cohort is _____;
- (iii) the amount of the Project Year Initial Advance is \$ _____; and
- (iv) the proceeds of the Project Year Initial Advance are to be disbursed to _____ with wire instruction attached.

This notice shall be deemed to constitute a “Loan Document” for all purposes of the Senior Loan Agreement.

Please sign in the spaces below to confirm the commitments described herein.

Very truly yours,

IFF PAY FOR SUCCESS I, LLC, an Illinois
limited liability company

By: IFF, an Illinois not for profit corporation,
its managing member

By: _____

Name:

Title:

Confirmed:

Goldman Sachs Social Impact Fund, L.P.

By: Goldman Sachs Social Impact Fund
GP, LLC,
its General Partner

By: _____

Name

Title:

Borrower Certificate
Project Year Initial Advance

I, _____, am Secretary of IFF Pay for Success I, LLC.

Upon information provided to me by Borrower's Chief Financial Officer and General Counsel, I hereby certify as follows:

1. Borrower is not in default under any Loan Document or Core Document.
2. The CPS CPC Program is operating in accordance with the Core Program Principles.
3. There is no material ongoing litigation against Borrower, or to its knowledge, in connection with the Project or the CPS CPC Program.
4. The Project Year Initial Advance Conditions set forth in the Senior Loan Agreement have been satisfied.
5. This Certification is submitted pursuant to and in accordance with the Senior Loan Agreement between Goldman Sachs Social Impact Fund, L.P. and IFF Pay for Success I, LLC. All capitalized terms not otherwise defined in this Certificate have the meaning ascribed to them in the Senior Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Borrower this ___ day of _____, 201_.

Name:

Title: Secretary, IFF Pay for Success I, LLC

Schedule 1(a)-2

Form of Project Year Subsequent Advance Certificate

[_____, 201_]

Goldman Sachs Social Impact Fund, L.P.
200 West Street
New York, New York 10282-2198
Attention: Ms. Andrea L. Phillips
Ms. Andrea Gift

Ladies and Gentlemen:

The undersigned, IFF Pay for Success I, LLC (the “Borrower”), refers to the Senior Loan Agreement, dated as of [___], 2014 (as amended, supplemented or otherwise modified from time to time, the “Senior Loan Agreement,” capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Senior Loan Agreement), between the Borrower and Goldman Sachs Social Impact Fund, L.P. (“Senior Lender”). Borrower hereby directs the advancement by Senior Lender of the amount of the Project Year Subsequent Advance on the Project Year Subsequent Advance Date as set forth below and, in that connection, pursuant to the certificate attached hereto certifies that, subject to the Senior Lender’s acceptance of Borrower’s proposal below, the Project Year Subsequent Advance Conditions have been satisfied. In accordance with the Senior Loan Agreement and as set forth in the Project Year Funding Schedule attached thereto:

- (i) the Project Year Subsequent Advance Date is _____, 201_;
- (ii) the amount of the Project Year Subsequent Advance is \$_____;
and
- (iii) the proceeds of the Project Year Subsequent Advance are to be disbursed to _____ with wire instruction attached.

This notice shall be deemed to constitute a “Loan Document” for all purposes of the GSSIF Senior Loan Agreement.

Please sign in the spaces below to confirm the commitments described herein.

Very truly yours,

IFF PAY FOR SUCCESS I, LLC, an Illinois
limited liability company

By: IFF, an Illinois not for profit corporation,
its managing member

By: _____

Name:

Title:

Confirmed:

Goldman Sachs Social Impact Fund, L.P.

By: Goldman Sachs Social Impact Fund
GP, LLC,
its General Partner

By: _____

Name

Title:

Borrower Certificate
Project Year Subsequent Advance

I, _____, am Secretary of IFF Pay for Success I, LLC.

Upon information provided to me by Borrower's Chief Financial Officer and General Counsel, I hereby certify as follows:

1. Borrower is not in default under any Loan Document or Core Document.
2. The CPS CPC Program is operating in accordance with the Core Program Principles.
3. There is no material ongoing litigation against Borrower, or to its knowledge, in connection with the Project or the CPS CPC Program.
4. The Project Year Subsequent Advance Conditions set forth in the GSSIF Senior Loan Agreement have been satisfied.
5. This Certification is submitted pursuant to and in accordance with the GSSIF Senior Loan Agreement between Goldman Sachs Social Impact Fund, L.P. and IFF Pay for Success I, LLC. All capitalized terms not otherwise defined in this Certificate have the meaning ascribed to them in the GSSIF Senior Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Borrower this ___ day of _____, 201_.

Name:

Title: Secretary, IFF Pay for Success I, LLC

Schedule 1(b)

Core Program Principles

Effective Learning Experiences

- Offer Pre-K classes that are limited to 34 children for half-day classrooms (two sessions of 17 children each) and have a minimum of 2 teaching staff. Full day classrooms, if available, will be limited to 20 children per session.
- Provide highly qualified educational staff that will provide the classroom instruction and parent engagement activities. For example, classroom teachers are certified with a bachelor's degree (or higher). Overall, program staff must adhere to the requirements set forth by the CPS Talent office, in accordance with collective bargaining unit agreements, and state regulations. Any changes in CPS education and certification requirements will be complied with.
- Use data to drive instruction by effectively documenting the organization and implementation of instructional practices to monitor quality and adherence to the Program, which is completed by all Program staff where appropriate.
- Program staff meet with parents over the course of each school year to review their child's progress and discuss parent program opportunities with the Parent Resource Teacher (PRT).

Aligned Curriculum

- Implement a CPS District curriculum and formative assessment that is aligned to standards, domains of learning, assessments, and learning activities.
- Collaborate with the PRT and classroom teachers to ensure that opportunities to engage families in student learning are available, appropriate and aligned to the program and parents' needs.
- CPS and, most specifically, the Office of Early Childhood Education provides meaningful professional development and ongoing coaching and feedback for teachers, aides, and other staff members that facilitates high-quality instructional practices.

Parent Involvement and Engagement

- Engage a PRT and School-Community Representative (SCR) to work closely with the Head Teacher and Liaisons to maintain a consistently supportive parent program.
- Encourage parents to sign a CPC school-home agreement at the start of the school year outlining a plan for fostering learning at home and participating in CPC activities.
- Offer and engage families in monthly activities. PRTs create and distribute a monthly parent involvement calendar, and conduct parent/teacher conferences over the year to review progress in the parent program.
- Provide a resource room dedicated to parent and family activities through Kindergarten when possible.
- Provide culturally responsive learning opportunities for families that provide flexibility for families' needs and schedules.

Collaborative Leadership Team

- Engage a Program leadership team that includes the Head Teacher, Parent Resource Teacher, and School-Community Representative.
- Meet regularly, under the direction of the Principal to discuss operations and best practices within the CPC.
- Meet regularly, under the direction of the OECE Management Team, with staff from across sites to share challenges, experiences, and best practices and makes frequent on-site visits to monitor quality and effectiveness to the Program.
- Establish meaningful partnerships with community providers to strengthen service delivery and enlist local universities in training opportunities.

Continuity and Stability

- CPC Pre-K classrooms are co-located in the same building as Kindergarten classrooms, when possible, to promote familiarity and integration for students as they transition to Kindergarten.
- Provide a structure of communication, planning, and joint activities, under the direction of the principal, Leadership team and OECE Management Team, from Pre-K through the primary grades.
Provide a part-time Kindergarten aide when funding is available to support the transition into Kindergarten.

Professional Development System

- Offer ongoing professional development opportunities on current trends and needs in early childhood education classrooms, through the Office of Early Childhood Education and the CPC leadership teams, including topics such as quality curriculum and instruction, data driven instruction, learning environment, social and emotional needs, and parent engagement.
- Meet regularly and create professional learning communities to review ways to support their instruction in the classroom and with other teachers.

Schedule 1(c)

**Initial Project Year Funding Schedule
(see attached)**

CITY OF CHICAGO – YEAR 1

Child-Parent Center Expansion

Cohort Size: 374

October 6, 2014

LOAN CLOSING	October 6, 2014	
FULL CLOSING	November 7, 2014	
11/07/14 FUNDING	GSSIF (44%)	\$805,640
	Northern Trust (32%)	\$585,920
	JB Pritzker Foundation (24%)	\$439,440
01/01/15 FUNDING	GSSIF (44%)	\$462,990
	Northern Trust (32%)	\$336,720
	JB Pritzker Foundation (24%)	\$252,540
TOTAL SOURCE OF FUNDS	GSSIF (44%)	\$1,268,629
	Northern Trust (32%)	\$922,639
	JB Pritzker Foundation (24%)	\$691,980
	Total Year 1 Sources	<u>\$2,883,248</u>
USES OF FUNDS	Disbursement to CPS (11/7/14)	\$1,052,249
	Disbursement to CPS (01/01/15)	\$1,052,249
	\$5,627 * 374 slots	
	Audit fees	\$10,000
	Project Coordinator: IFF	\$143,750
	Year 1	
	Program Intermediary: MFS	\$200,000
	Year 1 only to be included in loan	
	Legal fees of Lenders (capped)	<u>\$250,000</u>
	Legal fees of IFF (capped)	<u>\$75,000</u>
	Legal fees of City of Chicago (capped)	<u>\$50,000</u>
	Legal fees of CPS (capped)	<u>\$50,000</u>
	TOTAL Year 1 Uses	<u>\$2,883,248</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	At closing, the City will wire \$624,253 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Initial Project Year Cohort.	

CITY OF CHICAGO – YEAR 2

Child-Parent Center Expansion

Prospective Cohort Size: 782

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2015	
09/01/15 FUNDING	GSSIF (44%)	\$1,077,092
	Northern Trust (32%)	\$783,340
	JB Pritzker Foundation (24%)	\$587,505
01/01/16 FUNDING	GSSIF (44%)	\$1,024,842
	Northern Trust (32%)	\$745,340
	JB Pritzker Foundation (24%)	\$559,005
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$2,101,935
	Northern Trust (32%)	\$1,528,680
	JB Pritzker Foundation (24%)	\$1,146,510
	Total Year 2 Sources	<u>\$4,777,124</u>
USES OF FUNDS	Disbursement to CPS (09/01/15)	\$2,329,187
	Disbursement to CPS (01/01/16)	\$2,329,187
	\$5,957 * 782 slots	
	Audit fees	\$10,000
	Project Coordinator: IFF	\$108,750
	Year 2	
	TOTAL Year 2 Uses	<u>\$4,777,124</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2015, the City will wire \$1,305,256 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2015 – 2016.	

CITY OF CHICAGO – YEAR 3

Child-Parent Center Expansion

Prospective Cohort Size: 782

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2016	
09/01/16 FUNDING	GSSIF (44%)	\$1,051,802
	Northern Trust (32%)	\$764,947
	JB Pritzker Foundation (24%)	\$573,710
01/01/17 FUNDING	GSSIF (44%)	\$999,552
	Northern Trust (32%)	\$726,947
	JB Pritzker Foundation (24%)	\$545,210
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$2,051,355
	Northern Trust (32%)	\$1,491,894
	JB Pritzker Foundation (24%)	\$1,118,921
	TOTAL Year 3 Sources	<u>\$4,662,170</u>
USES OF FUNDS	Disbursement to CPS (09/01/16)	\$2,271,710
	Disbursement to CPS (01/01/17)	\$2,271,710
	\$5,810 * 782 slots	
	Audit fees	\$10,000
	Project Coordinator: IFF	\$108,750
	Year 3	
	TOTAL Year 3 Uses	<u>\$4,662,170</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2016, the City will wire \$1,305,256 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2016 – 2017.	

CITY OF CHICAGO – YEAR 4

Child-Parent Center Expansion

Prospective Cohort Size: 680

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2017	
09/01/17 FUNDING	GSSIF (44%)	\$1,007,050
	Northern Trust (32%)	\$732,400
	JB Pritzker Foundation (24%)	\$549,300
01/01/18 FUNDING	GSSIF (44%)	\$897,600
	Northern Trust (32%)	\$652,800
	JB Pritzker Foundation (24%)	\$489,600
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$1,904,650
	Northern Trust (32%)	\$1,385,200
	JB Pritzker Foundation (24%)	\$1,038,900
	Total Year 4 Sources	<u>\$4,328,750</u>
USES OF FUNDS	Disbursement to CPS (09/01/17)	\$2,040,000
	Disbursement to CPS (01/01/18)	\$2,040,000
	\$6,000 * 680 slots	
	Audit fees	\$140,000
	Project Coordinator: IFF Year 4	\$108,750
	TOTAL Year 4 Uses	<u>\$4,328,750</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2017, the City will wire \$1,135,005 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2017 – 2018.	

CITY OF CHICAGO – BASE CASE IMPACT AND MOBILITY ASSUMPTIONS

Child-Parent Center Expansion

October 6, 2014

Grade	Base Case Kindergarten Readiness Attainment	Base Case Third Grade Literacy At Grade Level	Base Case Control Group % Special Education Usage	Base Case % Decrease in Special Education Usage	Cumulative Mobility
K	50.0%	0.0%	10.6%	44.5%	7.0%
1	0.0%	0.0%	12.4%	45.3%	9.5%
2	0.0%	0.0%	15.8%	48.6%	12.0%
3	0.0%	50.0%	20.2%	48.6%	14.5%
4	0.0%	0.0%	21.7%	41.0%	17.0%
5	0.0%	0.0%	20.3%	31.8%	19.5%
6	0.0%	0.0%	25.4%	45.4%	22.0%
7	0.0%	0.0%	22.5%	39.9%	24.5%
8	0.0%	0.0%	22.5%	39.9%	27.0%
9	0.0%	0.0%	22.5%	39.9%	29.5%
10	0.0%	0.0%	22.5%	39.9%	32.0%
11	0.0%	0.0%	22.5%	39.9%	34.5%
12	0.0%	0.0%	22.5%	39.9%	37.0%

CITY OF CHICAGO – PAY-FOR-SUCCESS PAYMENTS PER SLOT

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Annual Savings Rate for Special Education Payments	Kindergarten Readiness Payments	Third Grade Literacy Payments
2014	N/A	\$0	\$0
2015	\$9,100	\$2,900	\$0
2016	\$9,191	\$2,900	\$0
2017	\$9,283	\$2,900	\$0
2018	\$9,376	\$2,900	\$750
2019	\$9,469	\$0	\$750
2020	\$9,564	\$0	\$750
2021	\$9,660	\$0	\$750
2022	\$9,756	\$0	\$0
2023	\$9,854	\$0	\$0
2024	\$9,953	\$0	\$0
2025	\$10,052	\$0	\$0
2026	\$10,153	\$0	\$0
2027	\$10,254	\$0	\$0
2028	\$10,357	\$0	\$0
2029	\$10,460	\$0	\$0
2030	\$10,565	\$0	\$0

CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 1

374 STUDENTS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2014	CPC	\$0	\$0
2015	K	\$149,438	\$504,339
2016	1	\$174,842	\$0
2017	2	\$234,690	\$0
2018	3	\$294,078	\$119,914
2019	4	\$261,542	\$0
2020	5	\$185,979	\$0
2021	6	\$325,172	\$0
2022	7	\$246,983	\$0
2023	8	\$241,193	\$0
2024	9	\$235,262	\$0
2025	10	\$229,188	\$0
2026	11	\$222,970	\$0
2027	12	\$216,604	\$0
Total		\$3,017,941	\$624,253

CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 2

782 STUDENTS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2015	CPC	\$0	\$0
2016	K	\$315,585	\$1,054,527
2017	1	\$369,234	\$0
2018	2	\$495,623	\$0
2019	3	\$621,039	\$250,729
2020	4	\$552,330	\$0
2021	5	\$392,753	\$0
2022	6	\$686,704	\$0
2023	7	\$521,583	\$0
2024	8	\$509,355	\$0
2025	9	\$496,830	\$0
2026	10	\$484,004	\$0
2027	11	\$470,872	\$0
2028	12	\$457,429	\$0
Total		\$6,373,342	\$1,305,256

CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 3
782 STUDENTS

Child-Parent Center Expansion
 October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2016	CPC	\$0	\$0
2017	K	\$318,741	\$1,054,527
2018	1	\$372,927	\$0
2019	2	\$500,579	\$0
2020	3	\$627,249	\$250,729
2021	4	\$557,853	\$0
2022	5	\$396,680	\$0
2023	6	\$693,571	\$0
2024	7	\$526,799	\$0
2025	8	\$514,448	\$0
2026	9	\$501,799	\$0
2027	10	\$488,844	\$0
2028	11	\$475,581	\$0
2029	12	\$462,003	\$0
Total		\$6,437,075	\$1,305,256

**CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 4
680 STUDENTS**

Child-Parent Center Expansion
October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2017	CPC	\$0	\$0
2018	K	\$279,938	\$916,980
2019	1	\$327,527	\$0
2020	2	\$439,639	\$0
2021	3	\$550,889	\$218,025
2022	4	\$489,941	\$0
2023	5	\$348,389	\$0
2024	6	\$609,136	\$0
2025	7	\$462,667	\$0
2026	8	\$451,820	\$0
2027	9	\$440,710	\$0
2028	10	\$429,333	\$0
2029	11	\$417,684	\$0
2030	12	\$405,759	\$0
Total		\$5,653,432	\$1,135,005

CITY OF CHICAGO – PROJECTED BOARD BUDGETED PAY-FOR-SUCCESS FUNDS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Projected Board Budgeted Pay-For- Success Funds:
2014	\$0
2015	\$149,438
2016	\$490,427
2017	\$922,665
2018	\$1,442,565
2019	\$1,710,688
2020	\$1,805,197
2021	\$1,826,667
2022	\$1,820,308
2023	\$1,804,735
2024	\$1,880,552
2025	\$1,703,134
2026	\$1,660,593
2027	\$1,617,031
2028	\$1,362,343
2029	\$879,687
2030	\$405,759
Total	\$21,481,790

CITY OF CHICAGO –CITY ESCROWED PAY-FOR-SUCCESS FUNDS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	City Escrowed Pay-For-Success Funds:
2014	\$624,253
2015	\$1,305,256
2016	\$1,305,256
2017	\$1,135,005
Total	\$4,369,770

CITY OF CHICAGO –SCHEDULE ON WHICH IFF FEES ARE DEEMED TO BE EARNED
 ASSUMING PROJECT SUPPLEMENTS FOR ALL THREE SUBSEQUENT PROJECT YEARS
 Child-Parent Center Expansion
 October 6, 2014

Date IFF Fee is Earned:	IFF Fee:
11/12/2014	\$ 75,000
11/12/2015	\$ 40,000
11/12/2016	\$ 40,000
11/12/2017	\$ 40,000
11/12/2018	\$ 35,000
11/12/2019	\$ 35,000
11/12/2020	\$ 25,000
11/12/2021	\$ 25,000
11/12/2022	\$ 25,000
11/12/2023	\$ 25,000
11/12/2024	\$ 15,000
11/12/2025	\$ 15,000
11/12/2026	\$ 15,000
11/12/2027	\$ 15,000
11/12/2028	\$ 15,000
11/12/2029	\$ 15,000
11/12/2030	\$ 15,000
Total	\$470,000

Schedule 4.5
Social Impact Reporting Requirements

Section 1. Social Impact Reporting.

(a) Social Impact Report. For so long as Borrower's Obligations under the GSSIF Senior Loan Agreement are outstanding, Borrower shall provide a report (the "**Social Impact Report**") to GSSIF Senior Lender by no later than September 30 of each year (the "**Reporting Date**") (commencing with September 30, 2015) during the Term describing the positive social effects and results of the Project during the applicable time periods described below. Each Social Impact Report shall, at a minimum, include the following data ("**Report Data**") to the extent such Report Data is available to CPS, the Evaluator and/or Borrower without unreasonable effort or expense:

(i) The Total Number of Special Education Slots Avoided (as such term is defined in the Evaluation Plan) for each Cohort in kindergarten through sixth grade as determined by the Evaluator through the end of the twelve-month period ended the previous June 30;

(ii) The Total Number of Kindergarten Ready Children (as such term is defined in the Evaluation Plan) for each Cohort as determined by the Evaluator through the end of the twelve-month period ended the previous June 30;

(iii) The Total Number of Third Grade Children Reading at Grade Level (as such term is defined in the Evaluation Plan) for each Cohort as determined by the Evaluator through the end of the twelve-month period ended the previous June 30;

(iv) The net public savings achieved by the Total Number of Special Education Slots Avoided for each Cohort in kindergarten through sixth grade as estimated by CPS through the end of the twelve-month period ended the previous June 30;

(v) For the period through December 31, 2018:

(1) The number of jobs at CPS that have been created for both full- and part-time permanent positions due to hiring at the CPS CPC Program sites as a result of the Loans, and the annual base and anticipated bonus compensation for each set of such newly-created jobs in \$20,000 increments (e.g. ten jobs in the bracket of \$20,000-\$40,000, ten jobs in the bracket of \$40,000-\$60,000, etc.);

(2) Information regarding the demographic diversity of the employees hired to fill such newly-created jobs (e.g., the number of female or racial and/or ethnic minorities employees hired) at CPS CPC Program sites;

(3) The median average hourly wages paid for both full- and part-time permanent employees hired at CPS CPC Program sites;

(4) A description of the employment programs and benefits for CPS employees in such newly-created positions, including the following: health insurance, skills training, credentialed workforce development, financial education or income support assistance, paid time-off, employee wealth-building via ownership, retirement program, stock options, or bonuses;

(vi) Other statistical and quantitative information relating to the effects of the CPS CPC Program as captured by CPS and/or the Evaluator and as reasonably requested by GSSIF Senior Lender; and

(vii) Other information (which shall be reported in such a fashion as to not reveal any individual's identity) reflecting the “non-quantitative” impacts of the CPS CPC Program for the Treatment Group (as defined in the Evaluation Plan) as may be available, such as, but not limited to, anecdotes illustrating the impact of the Treatment Group relating to experiences occurring during the Project Year then ended.

(b) Use of Report Data; Confidentiality and Non-Disclosure. GSSIF Senior Lender shall have the right to use Report Data for the purposes of reporting to Goldman Sachs Social Impact Fund, GP, LLC, the General Partner of GSSIF Senior Lender, and actual or prospective investors in or lenders to GSSIF Senior Lender and, subject to Section 11.24 of the GSSIF Senior Loan Agreement, pitches to media, speeches and publications. GSSIF Senior Lender acknowledges and agrees that any Report Data provided by Borrower pursuant to this Agreement shall be subject to the confidentiality and non-disclosure provisions set forth in the City Pay for Success Contract.

Section 2. Modification. This Schedule shall not be modified to increase the frequency or content of the Social Impact Report without the consent of the City and CPS.

Exhibit A

PRIORITY OF PAYMENTS

All payments made by the City or by CPS pursuant to the City PFS Agreement (including all Board Pay-For-Success Payments made by CPS pursuant to the Intergovernmental Agreement) shall be applied as follows:

1. First, 68% to GSSIF Senior Lender and 32% to NT Senior Lender until GSSIF Senior Lender has received payment in full of all Stated Interest (as such term is defined in the GSSIF Senior Agreement), all principal and all Success Fees (as such term is defined in the GSSIF Senior Agreement) and all other Obligations payable to GSSIF Senior Lender under and pursuant to the GSSIF Senior Loan Documents; provided however that if at any time NT Senior Lender has received payment in full of all interest and principal and all other Obligations payable to NT Senior Lender under and pursuant to the NT Senior Documents and at such time GSSIF Senior Lender has not received payment in full of all Stated Interest (as such term is defined in the GSSIF Senior Agreement), all principal and all Success Fees (as such term is defined in the GSSIF Senior Agreement) and all other Obligations payable to GSSIF Senior Lender under and pursuant to the GSSIF Senior Loan Documents, then from and after such time 100% of all payments made by the City pursuant to the City PFS Agreement (including all Board Pay-For-Success Payments made by CPS pursuant to the Intergovernmental Agreement) shall be paid to GSSIF Senior Lender until GSSIF Senior Lender has received payment in full of all Stated Interest (as such term is defined in the GSSIF Senior Agreement), all principal and all Success Fees (as such term is defined in the GSSIF Senior Agreement) and all other Obligations payable to GSSIF Senior Lender under and pursuant to the GSSIF Senior Loan Documents.
2. Second, 68% to Subordinate Lender and 32% to NT Senior Lender until NT Senior Lender has received payment in full of all interest and principal and all other Obligations payable to NT Senior Lender under and pursuant to the NT Senior Documents.
3. Third, 100% to Subordinate Lender until Subordinate Lender has received payment in full of all principal payable to Subordinate Lender under and pursuant to the Subordinate Loan Documents and interest at a rate of 5% on all advances of principal by Subordinate Lender made pursuant to the Subordinate Loan Agreement.
4. Fourth, 68% to Subordinate Lender and 32% to CPS.

Exhibit B

Subsequent Project Year Projected Terms

(see attached)

CITY OF CHICAGO – YEAR 2

Child-Parent Center Expansion

Prospective Cohort Size: 782

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2015	
09/01/15 FUNDING	GSSIF (44%)	\$1,077,092
	Northern Trust (32%)	\$783,340
	JB Pritzker Foundation (24%)	\$587,505
01/01/16 FUNDING	GSSIF (44%)	\$1,024,842
	Northern Trust (32%)	\$745,340
	JB Pritzker Foundation (24%)	\$559,005
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$2,101,935
	Northern Trust (32%)	\$1,528,680
	JB Pritzker Foundation (24%)	\$1,146,510
	Total Year 2 Sources	<u>\$4,777,124</u>
USES OF FUNDS	Disbursement to CPS (09/01/15)	\$2,329,187
	Disbursement to CPS (01/01/16)	\$2,329,187
	\$5,957 * 782 slots	
	Audit fees	\$10,000
	Project Coordinator: IFF	\$108,750
	Year 2	
	TOTAL Year 2 Uses	<u>\$4,777,124</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2015, the City will wire \$1,305,256 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2015 – 2016.	

CITY OF CHICAGO – YEAR 3

Child-Parent Center Expansion

Prospective Cohort Size: 782

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2016	
09/01/16 FUNDING	GSSIF (44%)	\$1,051,802
	Northern Trust (32%)	\$764,947
	JB Pritzker Foundation (24%)	\$573,710
01/01/17 FUNDING	GSSIF (44%)	\$999,552
	Northern Trust (32%)	\$726,947
	JB Pritzker Foundation (24%)	\$545,210
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$2,051,355
	Northern Trust (32%)	\$1,491,894
	JB Pritzker Foundation (24%)	\$1,118,921
	TOTAL Year 3 Sources	<u>\$4,662,170</u>
USES OF FUNDS	Disbursement to CPS (09/01/16)	\$2,271,710
	Disbursement to CPS (01/01/17)	\$2,271,710
	\$5,810 * 782 slots	
	Audit fees	\$10,000
	Project Coordinator: IFF	\$108,750
	Year 3	
	TOTAL Year 3 Uses	<u>\$4,662,170</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2016, the City will wire \$1,305,256 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2016 – 2017.	

CITY OF CHICAGO – YEAR 4

Child-Parent Center Expansion

Prospective Cohort Size: 680

October 6, 2014

PROJECT SUPPLEMENT CLOSING	August 15, 2017	
09/01/17 FUNDING	GSSIF (44%)	\$1,007,050
	Northern Trust (32%)	\$732,400
	JB Pritzker Foundation (24%)	\$549,300
01/01/18 FUNDING	GSSIF (44%)	\$897,600
	Northern Trust (32%)	\$652,800
	JB Pritzker Foundation (24%)	\$489,600
TOTAL SOURCES OF FUNDS	GSSIF (44%)	\$1,904,650
	Northern Trust (32%)	\$1,385,200
	JB Pritzker Foundation (24%)	\$1,038,900
	Total Year 4 Sources	<u>\$4,328,750</u>
USES OF FUNDS	Disbursement to CPS (09/01/17)	\$2,040,000
	Disbursement to CPS (01/01/18)	\$2,040,000
	\$6,000 * 680 slots	
	Audit fees	\$140,000
	Project Coordinator: IFF Year 4	\$108,750
	TOTAL Year 4 Uses	<u>\$4,328,750</u>
EVALUATOR RESERVE	At closing, there will be an unfunded Evaluator Reserve of \$319,000 established funding of which can be requested by IFF if philanthropic funding for the Evaluator Fees to be funded in the Third and Fourth Subsequent Project Years is not identified, and in such event (subject to the satisfaction of the applicable funding conditions) the Evaluator Reserve amount will be advanced Pro Rata by each GSSIF, Northern Trust and J.B. Pritzker Foundation in the above percentages.	
CITY ESCROW	By August 15, 2017, the City will wire \$1,135,005 to Bank to escrow the City Pay-For-Success Payments the City may pay for the Subsequent Project Year Cohort for Project Year 2017 – 2018.	

CITY OF CHICAGO – BASE CASE IMPACT AND MOBILITY ASSUMPTIONS

Child-Parent Center Expansion

October 6, 2014

Grade	Base Case Kindergarten Readiness Attainment	Base Case Third Grade Literacy At Grade Level	Base Case Control Group % Special Education Usage	Base Case % Decrease in Special Education Usage	Cumulative Mobility
K	50.0%	0.0%	10.6%	44.5%	7.0%
1	0.0%	0.0%	12.4%	45.3%	9.5%
2	0.0%	0.0%	15.8%	48.6%	12.0%
3	0.0%	50.0%	20.2%	48.6%	14.5%
4	0.0%	0.0%	21.7%	41.0%	17.0%
5	0.0%	0.0%	20.3%	31.8%	19.5%
6	0.0%	0.0%	25.4%	45.4%	22.0%
7	0.0%	0.0%	22.5%	39.9%	24.5%
8	0.0%	0.0%	22.5%	39.9%	27.0%
9	0.0%	0.0%	22.5%	39.9%	29.5%
10	0.0%	0.0%	22.5%	39.9%	32.0%
11	0.0%	0.0%	22.5%	39.9%	34.5%
12	0.0%	0.0%	22.5%	39.9%	37.0%

CITY OF CHICAGO – PAY-FOR-SUCCESS PAYMENTS PER SLOT

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Annual Savings Rate for Special Education Payments	Kindergarten Readiness Payments	Third Grade Literacy Payments
2014	N/A	\$0	\$0
2015	\$9,100	\$2,900	\$0
2016	\$9,191	\$2,900	\$0
2017	\$9,283	\$2,900	\$0
2018	\$9,376	\$2,900	\$750
2019	\$9,469	\$0	\$750
2020	\$9,564	\$0	\$750
2021	\$9,660	\$0	\$750
2022	\$9,756	\$0	\$0
2023	\$9,854	\$0	\$0
2024	\$9,953	\$0	\$0
2025	\$10,052	\$0	\$0
2026	\$10,153	\$0	\$0
2027	\$10,254	\$0	\$0
2028	\$10,357	\$0	\$0
2029	\$10,460	\$0	\$0
2030	\$10,565	\$0	\$0

**CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 1
374 STUDENTS**

Child-Parent Center Expansion
October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2014	CPC	\$0	\$0
2015	K	\$149,438	\$504,339
2016	1	\$174,842	\$0
2017	2	\$234,690	\$0
2018	3	\$294,078	\$119,914
2019	4	\$261,542	\$0
2020	5	\$185,979	\$0
2021	6	\$325,172	\$0
2022	7	\$246,983	\$0
2023	8	\$241,193	\$0
2024	9	\$235,262	\$0
2025	10	\$229,188	\$0
2026	11	\$222,970	\$0
2027	12	\$216,604	\$0
Total		\$3,017,941	\$624,253

CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 2

782 STUDENTS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2015	CPC	\$0	\$0
2016	K	\$315,585	\$1,054,527
2017	1	\$369,234	\$0
2018	2	\$495,623	\$0
2019	3	\$621,039	\$250,729
2020	4	\$552,330	\$0
2021	5	\$392,753	\$0
2022	6	\$686,704	\$0
2023	7	\$521,583	\$0
2024	8	\$509,355	\$0
2025	9	\$496,830	\$0
2026	10	\$484,004	\$0
2027	11	\$470,872	\$0
2028	12	\$457,429	\$0
Total		\$6,373,342	\$1,305,256

CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 3
782 STUDENTS

Child-Parent Center Expansion
 October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2016	CPC	\$0	\$0
2017	K	\$318,741	\$1,054,527
2018	1	\$372,927	\$0
2019	2	\$500,579	\$0
2020	3	\$627,249	\$250,729
2021	4	\$557,853	\$0
2022	5	\$396,680	\$0
2023	6	\$693,571	\$0
2024	7	\$526,799	\$0
2025	8	\$514,448	\$0
2026	9	\$501,799	\$0
2027	10	\$488,844	\$0
2028	11	\$475,581	\$0
2029	12	\$462,003	\$0
Total		\$6,437,075	\$1,305,256

**CITY OF CHICAGO – BASE CASE PFS PAYMENTS PROJECT YEAR COHORT 4
680 STUDENTS**

Child-Parent Center Expansion
October 6, 2014

School Year Beginning September:	Grade	Board Pay for Success Payment at Base Case Level for School Year:	City Pay for Success Payment at Base Case Level for School Year:
2017	CPC	\$0	\$0
2018	K	\$279,938	\$916,980
2019	1	\$327,527	\$0
2020	2	\$439,639	\$0
2021	3	\$550,889	\$218,025
2022	4	\$489,941	\$0
2023	5	\$348,389	\$0
2024	6	\$609,136	\$0
2025	7	\$462,667	\$0
2026	8	\$451,820	\$0
2027	9	\$440,710	\$0
2028	10	\$429,333	\$0
2029	11	\$417,684	\$0
2030	12	\$405,759	\$0
Total		\$5,653,432	\$1,135,005

CITY OF CHICAGO – PROJECTED BOARD BUDGETED PAY-FOR-SUCCESS FUNDS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	Projected Board Budgeted Pay-For- Success Funds:
2014	\$0
2015	\$149,438
2016	\$490,427
2017	\$922,665
2018	\$1,442,565
2019	\$1,710,688
2020	\$1,805,197
2021	\$1,826,667
2022	\$1,820,308
2023	\$1,804,735
2024	\$1,880,552
2025	\$1,703,134
2026	\$1,660,593
2027	\$1,617,031
2028	\$1,362,343
2029	\$879,687
2030	\$405,759
Total	\$21,481,790

CITY OF CHICAGO –CITY ESCROWED PAY-FOR-SUCCESS FUNDS

Child-Parent Center Expansion

October 6, 2014

School Year Beginning September:	City Escrowed Pay-For-Success Funds:
2014	\$624,253
2015	\$1,305,256
2016	\$1,305,256
2017	\$1,135,005
Total	\$4,369,770

Exhibit C

IFF Fees

(see attached)

CITY OF CHICAGO –SCHEDULE ON WHICH IFF FEES ARE DEEMED TO BE EARNED
 ASSUMING PROJECT SUPPLEMENTS FOR ALL THREE SUBSEQUENT PROJECT YEARS
 Child-Parent Center Expansion
 October 6, 2014

Date IFF Fee is Earned:	IFF Fee:
11/12/2014	\$ 75,000
11/12/2015	\$ 40,000
11/12/2016	\$ 40,000
11/12/2017	\$ 40,000
11/12/2018	\$ 35,000
11/12/2019	\$ 35,000
11/12/2020	\$ 25,000
11/12/2021	\$ 25,000
11/12/2022	\$ 25,000
11/12/2023	\$ 25,000
11/12/2024	\$ 15,000
11/12/2025	\$ 15,000
11/12/2026	\$ 15,000
11/12/2027	\$ 15,000
11/12/2028	\$ 15,000
11/12/2029	\$ 15,000
11/12/2030	\$ 15,000
Total	\$470,000