

LOAN AGREEMENT AND MORTGAGE

TABLE OF CONTENTS

This Table of Contents is not a part of this Loan Agreement and Mortgage and is only for convenience of reference.

	<u>Page</u>
ARTICLE I	
DEFINITIONS	
Section 1.1. Definitions	1
ARTICLE II	
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE HEALTH INSTITUTION	
Section 2.1. Representations, Warranties and Covenants of the Health Institution.....	19
ARTICLE III	
LOAN TO HEALTH INSTITUTION	
Section 3.1. Loan to Health Institution.....	26
ARTICLE IV	
TERM OF AGREEMENT	
Section 4.1. Term of Agreement.....	26

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SECTION OF THE STATUTES

CHAPTER 110

PROPERTY OF COOK COUNTY CLERK'S OFFICE

SECTION 1

SECTION 2

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SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

ARTICLE V

SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

Section 5.1.	Security Provisions.....	26
Section 5.2.	Loan Payments and Other Amounts Payable.....	28

ARTICLE VI

COMPLETION OF THE IMPROVEMENTS

Section 6.1.	Agreement to Complete the Improvements.....	30
Section 6.2.	Disbursements from the Acquisition Subaccount	30
Section 6.3.	Establishment of Completion Date; Actions Required Upon Completion.....	32
Section 6.4.	Completion of the Improvements if the Acquisition Subaccount is Insufficient....	34
Section 6.5.	Plans and Specifications.....	34
Section 6.6.	Surety Bonds, Health Institution to Pursue Remedies Against Contractors and Subcontractors and Their Sureties.....	35

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ARTICLE VII

MAINTENANCE; MODIFICATION; TAXES; AND INSURANCE

Section 7.1.	Maintenance of Mortgaged Property by the Health Institution.....	36
Section 7.2.	Substitution, Modification or Alteration of Mortgaged Property or Improvements; Maintenance of Property Free of Liens.....	36
Section 7.3.	Taxes, Other Governmental Charges and Utility Charges.....	38
Section 7.4.	Insurance	38
Section 7.5.	Application of Net Proceeds of Insurance....	42

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 8.1.	Damage and Destruction.....	42
Section 8.2.	Condemnation	44
Section 8.3.	Investment of Net Proceeds.....	46

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2
3
4
5
6
7
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10
11
12
13
14
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16
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83
84
85
86
87
88
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92
93
94
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96
97
98
99
100

Property of Cook County Clerk's Office

ARTICLE IX

DISCLAIMER OF WARRANTIES; USE OF THE IMPROVEMENTS;
COVENANTS OF THE HEALTH INSTITUTION

Section 9.1.	Disclaimer of Warranties.....	46
Section 9.2.	Use of the Improvements.....	47
Section 9.3.	Annual Audit	48
Section 9.4.	Financial Covenants.....	49
Section 9.5.	Contracts with Applicable Departments.....	49
Section 9.6.	Exempt Status.....	49
Section 9.7.	Tax Covenants.....	50
Section 9.8.	Release of Mortgaged Property; Transfers....	50
Section 9.9.	Limitations on Liens.....	51
Section 9.10.	Termination of Program.....	51

ARTICLE X

OPTION TO PREPAY

Section 10.1.	Option to Prepay.....	52
---------------	-----------------------	----

ARTICLE XI

ASSIGNMENT AND INDEMNIFICATION

Section 11.1	Assignment of the Authority.....	53
Section 11.2.	Assignment by the Health Institution.....	53
Section 11.3.	Indemnification.....	53

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.1.	Events of Default Defined.....	55
Section 12.2.	Remedies on Default.....	57
Section 12.3.	Attorneys' Fees and Other Expenses.....	58
Section 12.4.	Foreclosure and Sale of Mortgaged Property..	58
Section 12.5.	Sale A Bar	58
Section 12.6.	Receipt Sufficient Discharge for Purchaser	58
Section 12.7.	Application of Proceeds of Sale.....	58

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PROPERTY

Section 12.8.	Purchase of Mortgaged Property by Owners or Trustee	59
Section 12.9.	No Remedy Exclusive.....	60
Section 12.10.	Notice of Default.....	60
Section 12.11.	Waiver	60
Section 12.12.	Waiver of Appraisalment, Valuation, Stay, Execution, and Redemption Laws.....	60
Section 12.13	Remedies Subject to Provisions of Law.....	61

ARTICLE XIII

MISCELLANEOUS

Section 13.1.	Notices; Authorized Representative.....	61
Section 13.2.	Binding Effect.....	62
Section 13.3.	Severability	62
Section 13.4.	Amendments, Changes and Modifications.....	62
Section 13.5.	Rights of MBIA Terminate Upon Default Under Bond Insurance Policy.....	62
Section 13.6.	Execution in Counterparts.....	62
Section 13.7.	Governing Law; Time of Essence.....	62
Section 13.8.	Benefit of Bondholders and MBIA; Compliance with Indenture.....	63
Section 13.9.	Consents and Approvals	63
Section 13.10.	Immunity of Officers, Employees and Members of Authority.....	63
Section 13.11.	No Pecuniary Liability of the Authority.....	63
Section 13.12.	Cancellation at Expiration of Term of Agreement	64
Section 13.13.	Captions	64
Section 13.14.	Payments Due on Holidays.....	64
Signatures	65

Exhibit A - Improvements	A-1
Exhibit B - Mortgaged Property.....		B-1
Exhibit C - Permitted Encumbrances.....		C-1
Exhibit D - Payment Schedule		D-1
Exhibit E - Contractual Provisions in Applicable Department Contracts		E-1

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Exhibit F - Correlative Series A Bonds.....	F-1
Exhibit G - Correlative Series B Bonds.....	G-1
Exhibit H - Correlative Series C Bonds.....	H-1
Exhibit I - Tax Certifications, Representations and Covenants	I-1
Exhibit J - Description of Tax-Exempt Loans To Be Refunded with Series A or B Bond Proceeds.....	J-1
Exhibit K - Address for Notices.....	K-1

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"Acquisition Subaccount" means the Acquisition Subaccount of the Health Institution created in Section 301 of the Indenture.

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

"Additional Accounts" means the rights to receive all client fees (whether paid by the client or by any other party) and the rights to receive all other receipts, revenues and income derived from all facilities of the Health Institution in the State by the Health Institution or on behalf of the Health Institution by the Trustee or a receiver, including, without limiting the generality of the foregoing, revenues derived from the operation of all facilities of the Health Institution in the State, whether in the form of accounts receivable, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now owned or held or hereafter coming into existence, but excluding any gifts, donations, pledges, grants, legacies, bequests, devises or contributions heretofore or hereafter made and designated or specified by the donor or maker thereof as being for a specific purpose and thus not available for making Loan Payments, and also excluding all Pledged Accounts.

"Agreement" means this Loan Agreement and Mortgage, including the Exhibits attached thereto, which is entered into by the Authority pursuant to the Indenture, as from time to time amended.

"Applicable Department" means each State Department with which a Health Institution has a contract for the provision of community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems and, in the case of each Health Institution which has such contracts with more than one State Department, the State Department which is the party to the contract in question.

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

"Authorized Officer" or "Authorized Representative" means: (i) in the case of the Authority, any person authorized by resolution of the Authority to perform such act or execute such documents; (ii) in the case of the Health Institution, the President, Vice President, Secretary or Treasurer of the Health Institution or any other officer, employee or other person authorized to perform the act in question by the by-laws or a resolution of the Health Institution filed with the Trustee; and

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(iii) in the case of the Trustee, any person authorized to perform any act or sign any document by or pursuant to the by-laws or any resolution of the governing body of the Trustee.

"Bond Fund" means the Bond Fund created in Section 301 of the Indenture.

"Bond Insurance Policies" means two or more of the Series A Bond Insurance Policy, the Series B Bond Insurance Policy and the Series C Bond Insurance Policy.

"Bond Insurance Policy" means, when referring to the Series A Bonds, the Series A Bond Insurance Policy, when referring to the Series B Bonds, the Series B Bond Insurance Policy and, when referring to the Series C Bonds, the Series C Bond Insurance Policy.

"Bonds" means the Series A Bonds, the Series B Bonds and Series C Bonds.

"Business Day" means any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions in Illinois or in the city in which the principal corporate trust office of the Trustee is located are authorized by law to close or remain closed, or (ii) a day on which the New York Stock Exchange is closed.

"Capitalized Lease" means any lease of real or personal property which, in accordance with generally accepted accounting principles, is required to be capitalized on the balance sheet of the lessee.

"Closing" means the date and time of issuance of the Series A, B and C Bonds.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Completion Date" means the date of completion of the Improvements, as that date shall be established pursuant to Section 6.3 hereof.

"Consulting Architect" means an individual or an engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Health Institution for other purposes) selected by the Health Institution of recognized standing for skill and experience with respect to the construction of facilities similar to those of the Health Institution and not objected to by the Authority or the Trustee.

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Court at Chicago, Illinois, this 1st day of January, 1900.

JOHN W. WELLS, Clerk of the Court.

Attest: My hand and the seal of the Court at Chicago, Illinois, this 1st day of January, 1900.

JOHN W. WELLS, Clerk of the Court.

Attest: My hand and the seal of the Court at Chicago, Illinois, this 1st day of January, 1900.

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Attest: My hand and the seal of the Court at Chicago, Illinois, this 1st day of January, 1900.

JOHN W. WELLS, Clerk of the Court.

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"Correlative Bonds" means the Correlative Series A Bonds, the Correlative Series B Bonds and the Correlative Series C Bonds.

"Correlative Series A Bonds" means the amount of Series A Bonds of each maturity listed on Exhibit F hereto less the principal amount of such Bonds which have been redeemed.

"Correlative Series B Bonds" means the amount of Series B Bonds of each maturity listed on Exhibit G hereto less the principal amount of such Bonds which have been redeemed.

"Correlative Series C Bonds" means the amount of Series C Bonds of each maturity listed on Exhibit H hereto less the principal amount of such Bonds which have been redeemed.

"Cost" or "Costs" in connection with the construction, acquisition, remodeling, renovating or equipping of an Improvement, means any "cost," as defined in the Act, including interest on the Loan until completion of the Improvements.

"DPA Health Institution" means a Health Institution designated as such in the Indenture.

"Expense Fund" means the Expense Fund created in Section 301 of the Indenture.

"Funds" means those funds and accounts established and created by Section 301 of the Indenture.

"Government Obligations" means securities which consist of: (a) United States Government Obligations, or (b) evidences of a direct ownership in future interest or principal payments on obligations of the type described in subparagraph (a) above, which obligations are held in a custody account by a custodian satisfactory to the Trustee and MBIA pursuant to the terms of a custody agreement, and which evidences are consented to in writing by the Authority and MBIA.

"Gross Proceeds" means amounts on deposit in the following Funds maintained under the Indenture and in all accounts or subaccounts maintained therein;

- (i) Bond Fund;
- (ii) Program Fund;
- (iii) Series A Reserve Fund;

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 20__.

Clerk of the Court

Deputy Clerk of the Court

County of Cook, Illinois

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

Notary Public

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(iv) Expense Fund, other than amounts on deposit in the Expense Fund from a source other than the proceeds of obligations, the interest on which is or was exempt from federal income taxes under existing statutes, regulations or court decisions;

(v) Any amounts deposited in escrow from the proceeds of the Series A or B Bonds to pay or provide for the payment of any such tax-exempt obligations;

(vi) The Net Proceeds of damage, destruction, condemnation and sale under threat of condemnation of any portion of the property financed or refinanced with the proceeds of the Series A or B Bonds if such Net Proceeds are or are not intended to be applied to repair, rebuild, restore or replace such property or the acquisition of property of the same utility; and

(vii) Any amounts on deposit in the Supplemental Reserve Fund.

"Guarantor" means the party to a Guaranty denominated as such therein.

"Guaranty" means a Guaranty and Security Agreement in substantially the form attached to the Indenture as an exhibit or in such other form as is consented to in writing by MBIA and the Authority guaranteeing payment of amounts payable hereunder.

"Health Institution" means NEARSBROOK CENTER FOUNDATION, a "participating health institution" within the meaning of the Act, or any successor institution assuming the obligations of the Health Institution in accordance with Section 11.2 hereof.

"Improvements" means the property described in the Health Institution's Project Certificate and the corporate resolution adopted by the Health Institution approving its Loan which was delivered to the Trustee in connection with the issuance of the Bonds, which is financed or refinanced, directly or indirectly, in whole or in part, with the proceeds of the Loan and which constitutes a "project" within the meaning of the Act, and any substitutions for and additions, modifications and improvements to such property as permitted by this Agreement.

"Indenture" means the Trust Indenture dated as of August 1, 1988, between the Authority and the Trustee, as amended and supplemented from time to time, pursuant to which the Bonds are issued.

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"Insurance Consultant" means an insurance consultant, risk management firm, insurance broker or an insurance agent (which may be a consultant, firm, broker or agent retained by the Health Institution for other purposes) selected by the Health Institution of recognized standing for skill and experience in reviewing insurance coverage for institutions of like size and type and not objected to by the Trustee, the Authority or MBIA.

"Letter of Bond Counsel" means the letter dated the date of the Closing from Chapman and Cutler addressed to the Trustee and the Authority regarding arbitrage rebate.

"Lien" means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on any property of the Health Institution in favor of, or which secures any obligation to, any Person other than the Health Institution and any Capitalized Lease under which the Health Institution is lessee.

"Loan" means the loan by the Authority to the Health Institution of the proceeds from the sale of each series of Correlative Bonds pursuant to this Agreement as set forth in Section 3.1 hereof.

"Loan Application" means the Health Institution's Community Provider Pooled Loan Program Loan Application evidencing the Health Institution's intent to participate in the Program.

"Loan Payments" means those payments required to be paid by the Health Institution pursuant to Section 5.2(a) hereof.

"MBIA" means Municipal Bond Investors Assurance Corporation, or any successor.

"Mortgaged Property" means the real property including fixtures subject to the lien of this Agreement as described in the Exhibit B hereto as it may be amended from time to time in accordance with this Agreement.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award or in such sale.

"Owner" of Bonds means the registered owner of any Bond.

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"Permitted Encumbrance" means, as of any particular time, any of the following:

(a) Liens for taxes and special assessments on the Mortgaged Property which are not then delinquent, or if then delinquent are being contested in accordance with Section 7.3 hereof;

(b) this Agreement, the Indenture, and any Regulatory Agreement;

(c) leaseholds which in the aggregate do not materially impair the use of the Mortgaged Property for its intended purpose and any leases, licenses or similar rights to use property whereunder the Health Institution is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's-length transaction;

(d) utility, access and other easements and rights-of-way, mineral rights and reservations, restrictions, encumbrances and exceptions which have not been granted to secure indebtedness and will not materially interfere with or materially impair the Health Institution's use of the Mortgaged Property;

(e) mechanics', laborers', materialmen's, suppliers' or vendors' Liens or rights in respect thereof if payment of the related bill is not overdue or if such Lien is being contested in accordance with Section 9.9 hereof;

(f) Liens arising by reason of good faith deposits in the ordinary course of business by or with the Health Institution in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Health Institution to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes, assessments or other similar charges; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Health Institution to maintain self-insurance or to

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Court at Chicago, Illinois, this _____ day of _____, 20__.

Clerk of the Court

Deputy Clerk of the Court

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participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(g) Liens of or resulting from any judgment or award against the Health Institution so long as the finality of such judgment is being contested and execution thereon is stayed or provision for payment of the judgment has been made in accordance with applicable law or by the deposit of cash or Government Obligations with the Trustee or a commercial bank or trust company acceptable to the Trustee;

(h) rights reserved to or vested in any municipality or public authority to control or regulate the Mortgaged Property or to use the Mortgaged Property in any manner and zoning and similar restrictions which are not violated by the property affected thereby;

(i) such Liens, defects, irregularities of title, encroachments on adjoining property, encumbrances, easements, rights-of-way, and clouds on title as normally exist with respect to properties similar in character to the Mortgaged Property and which do not in the aggregate materially adversely affect the value of the property affected thereby, or materially impair the use of the property affected thereby for the purpose for which it was acquired or is held by the Health Institution, including without limitation statutory Liens granted to banks or other financial institutions, which Liens have not been specifically granted to secure indebtedness and which do not apply to property which has been deposited as part of a plan to secure indebtedness;

(j) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill-Burton grants, and similar rights under other federal statutes or statutes of the state in which the property involved is located;

(k) all right, title and interest of the state where the property involved is located, municipalities and the public in and to tunnels, bridges and passage-ways over, under or upon a public way;

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The undersigned, Clerk of Cook County, Illinois, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the County Clerk's Office.

Given under my hand and the seal of said County at Chicago, Illinois, this _____ day of _____, 19____.

Clerk of Cook County, Illinois

Witness my hand and the seal of said County at Chicago, Illinois, this _____ day of _____, 19____.

Clerk of Cook County, Illinois

Clerk of Cook County, Illinois

Clerk of Cook County, Illinois

Clerk of Cook County, Illinois

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COOK COUNTY

(l) Liens on or in property given, granted, bequeathed or devised to the owner thereof existing at the time of such gift, grant, bequest or devise, provided that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure indebtedness which is not assumed by the Health Institution and such Liens attach solely to the property, including the income therefrom, which is the subject of such gift, grant, bequest or devise;

(m) Liens on moneys deposited by patients or others with the Health Institution as security for or as prepayment of the cost of patient care or any rights of residents of life care or similar facilities to endowment or similar funds deposited by or on behalf of such residents;

(n) Liens on property due to rights of third party payors for repayment of excess reimbursement paid;

(o) Liens on accounts receivable arising as a result of sale of such accounts receivable, provided that the principal amount of indebtedness secured by any such Lien does not exceed the aggregate sales price of such accounts receivable received by the Health Institution selling the same and that such sale has been consented to in writing by MBIA;

(p) any Lien on the Additional Accounts regardless of whether superior to, on a parity with or junior to the Lien created hereby;

(q) any Lien securing indebtedness which is to be refinanced with the proceeds of the Bonds, which refinancing will result in a discharge of such Lien; and

(r) any other Lien consented to in writing by MBIA which is listed on Exhibit C.

"Person" means a natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

"Pledged Accounts" means the rights to receive all receipts, revenues and income from the Health Institution's contracts with the State Departments for the provision of

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community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems except to the extent that MBIA agrees in writing that such rights with respect to a particular contract shall be classified as Additional Accounts and not as Pledged Accounts.

"Principal User" means (i) any person who at any time holds more than a 10% ownership interest (by value) in a facility or the person holding the largest interest in the facility, (ii) any person who at any time leases, operates, manages, or otherwise uses more than 10% of a facility or (iii) any person who enjoys the use of a facility in a degree comparable to the persons described in (i) and (ii) above, taking into account all relevant facts and circumstances.

"Private User" means any Person other than a Tax-Exempt Organization engaged in an activity that would not constitute an Unrelated Trade or Business of the Health Institution in question if carried on by such Health Institution.

"Proceeds" or "proceeds" means the amount received from the sale of the Series A and B Bonds, plus all investment earnings thereon.

"Program" means the Community Provider Pooled Loan Program of the Authority of which the loan is a part.

"Project Certificate" means the certificate with that caption executed by the Health Institution prior to the Closing.

"Pro Rata Share of the Health Institution" means:

(a) with respect to the Series A and B Bonds, a fraction the numerator of which is the outstanding principal amount of the Loan of the Health Institution (excluding any portion of the Loan made with Series C Bond proceeds for other than Program Expenses) and the denominator of which is the outstanding principal amount of all Loans under the Program (excluding the portion of Loans made with Series C Bond proceeds for other than Program Expenses); and

(b) with respect to the Series C Bonds, a fraction the numerator of which is the outstanding principal amount of the Loan of the Health Institution (excluding the portions of the Loan made with Series A and B Bond proceeds and the portion of the Loan made with Series C Bond proceeds and used to pay Program Expenses) and the denominator of which is the outstanding principal amount of all Loans under the Program (excluding the portions of the Loans made with Series A and B Bond proceeds and the portions of the

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Loans made with Series C Bond proceeds and used to pay Program Expenses).

"Pro Rata Share of Expenses" means the share of Program expenses for which the Health Institution is responsible during any calculation period, which amount shall be determined by multiplying such expenses by a fraction, the numerator of which is the outstanding principal amount of the Loan of the Health Institution on the date of calculation and the denominator of which is the outstanding principal amount of all Loans under the Program.

"Pro Rata Share of the Rebate Amount" means, with respect to the Health Institution if no default in payment has occurred and is continuing with respect to its Loan at the time of calculation, its share of the difference between (i) the actual investment earnings on the Gross Proceeds (other than in the Rebate Fund) during the period of the calculation and (ii) the investment earnings which would have been earned on such amounts if they had been invested at the Yield on the Series A and B Bonds during the period of the calculation, which share shall be determined by applying a ratio, the numerator of which is the outstanding principal amount of the Loan of the Health Institution (excluding any portion of the Loan made with Series C Bond proceeds) plus the amount of principal repaid or prepaid on such Loan (excluding any portion of the Loan made with Series C Bond proceeds) since the latest of the date of issue of the Series A and B Bonds, October 24, 1993, or October 24, 1998 and the denominator of which is the outstanding principal amount of all Loans under the Program (excluding any portion of the Loans made with Series C Bond proceeds) plus the amount of principal repaid or prepaid on all Loans (excluding any portion of the Loans made with Series C Bond proceeds) since the latest of the date of issue of the Series A and B Bonds, October 24, 1993, or October 24, 1998 less any such Loans on which a default in payment has occurred and is continuing at the time of calculation. "Pro Rata Share of the Rebate Amount" shall be zero percent with respect to the Health Institution if a default in payment has occurred and is continuing at the time of calculation with respect to its Loan.

"Pro Rata Share of the Supplemental Reserve Fund" means, with respect to a DPA Health Institution, the amount which may be withdrawn from the Supplemental Reserve Fund for the benefit of such Institution which shall be equal to the initial Pro Rata Share of the Supplemental Reserve Fund for such Health Institution specified in the Indenture minus the amount withdrawn from the Supplemental Reserve Fund for the benefit of such Health Institution plus the amount of any such withdrawals which have been repaid to such Fund by or on behalf of such Health Institution.

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Page 1 of 1

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"Pro Rata Share of the Supplemental Reserve Fund Negative Arbitrage" means the share of the negative arbitrage on the Supplemental Reserve Fund for which a Health Institution is responsible during any calculation period which amount shall be determined by multiplying the Supplemental Reserve Fund Negative Arbitrage for such period by a fraction, the numerator of which is the outstanding principal amount of the Loan of such Health Institution on the date of calculation and the denominator of which is the outstanding principal amount of all Loans under the Program on such date.

"Qualified Investments" means investments in Government Obligations, in certificates of deposit of, and time deposits in, any bank (as defined by the Illinois Banking Act), which certificates and deposits are continuously and fully insured by the Federal Deposit Insurance Corporation, in the investments listed below and, if consented to in writing by MBIA, in any other obligations issued or guaranteed by any agency or instrumentality of the United States of America or in short-term discount obligations of the Federal National Mortgage Association, or in any other obligation or security which constitutes a permitted investment for moneys of the Authority as a result of an amendment of the Act subsequent to October 24, 1988 which obligation or security so permitted by such an amendment is also consented to in writing by the Authority; provided that investment in any such obligation or security with respect to which the consent of MBIA is required does not have an adverse impact on any rating then assigned to any of the Bonds by any rating agency:

(i) evidences of indebtedness which are issued or guaranteed by any of the following federal agencies and are backed by the full faith and credit of the United States of America:

(a) U.S. Export-Import Bank if such indebtedness consists of direct obligations of such agency or certificates of beneficial ownership fully guaranteed by such agency;

(b) Farmers Home Administration if such indebtedness consists of certificates of beneficial ownership;

(c) Federal Financing Bank;

(d) Federal Housing Administration if such indebtedness consists of debentures;

(e) General Services Administration if such securities consist of participation certificates;

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(f) Government National Mortgage Association if such indebtedness consists of mortgaged backed bonds or pass through obligations guaranteed by such agency;

(g) U.S. Maritime Administration if such indebtedness consists of Title XI financing guaranteed by such agency;

(ii) evidences of indebtedness which are issued or guaranteed by any of the following agencies but which need not be backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Bank System if such indebtedness consists of senior debt obligations;

(b) Federal Home Loan Mortgage Corporation if such indebtedness consists of participation certificates or senior debt obligations;

(c) Federal National Mortgage Association if such indebtedness consists of mortgaged-backed securities or senior debt obligations;

(d) Student Loan Marketing Association if such indebtedness consists of senior debt obligations; and

(iii) Guaranteed investment contracts issued by a United States or Canadian life insurance company whose similar funding agreements and claims paying ability is rated "AAA" by Standard & Poor's Corporation which contracts have a term not exceeding 5 years, are secured by 100% of the company's assets and share equivalent payment status with policy holders and are held by the Trustee; provided that the written approval of MBIA has been obtained with respect to all early liquidation provisions of such contract; and

(iv) repurchase agreements with respect to United States Government Obligations with banks or other financial institutions which are primary dealers on the Federal Reserve reporting dealer list or, with the approval of MBIA, banks rated "A" or above or the equivalent by Standard & Poor's Corporation and Moody's

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Investors Service, provided that each such repurchase agreement is in a commercially reasonable form, is for a commercially reasonable period not greater than thirty days except in the case of master repurchase agreements which may have a longer term so long as no repurchase transaction thereunder can have a duration of greater than thirty days, such repurchase agreement results in the creation of a security interest in identified Government Obligations, which fact shall be supported by an opinion of Independent Counsel unless waived in writing by MBIA, and such Obligations are deposited with an agent for the Trustee or delivered to and held by the Trustee or, if such repurchase agreement is with the Trustee, are segregated in a custodial account with a third party and, in either case, such Obligations are free and clear of third party liens, and further provided that the United States Government Obligations acquired pursuant to such repurchase agreements shall be valued weekly at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement. The United States Government Obligations so purchased pursuant to such a repurchase agreement shall have an aggregate market value at all times equal to 102% of the purchase price paid for such securities pursuant to such repurchase agreement including any interest accrued on such United States Government Obligations; provided that in any event the United States Government Obligations shall at all times have an aggregate market value equal to 100% of such purchase price excluding such interest.

"Rebate Fund" means the Rebate Fund created in Section 301 of the Indenture.

"Regulations" means U.S. Treasury Regulations dealing with arbitrage and rebate, as the same may be from time to time amended. At the date hereof, the Regulations constitute Treasury Regulations 1.103-13, 1.103-14, 1.103-15, and 1.103-15AT.

"Regulatory Agreement" means any Regulatory Agreement and Declaration of Restrictive Covenants executed pursuant to Section 9.2 hereof which shall be in substantially the form attached to the Indenture or with such changes therein as are approved by the Authority as in the opinion of nationally recognized municipal bond counsel acceptable to the Authority will not have an adverse affect on any exemption of the interest on the Series A or B Bonds from federal income taxation to which such Bonds would otherwise be entitled.

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"Related Person" means any Person that (a) is at least 50 percent owned, directly or indirectly, by either the Health Institution or a Person owning, directly or indirectly, at least 50 percent of the Health Institution; (b) owns, directly or indirectly, at least 50 percent of the Health Institution; (c) is otherwise controlled or managed by either the Health Institution or a Person that controls or manages the Health Institution; (d) otherwise controls or manages the Health Institution; or (e) is otherwise, directly or indirectly, under common management or control with the Health Institution.

"Series A Bonds" means the "Illinois Health Facilities Authority Revenue Bonds, Series 1988A (Community Provider Pooled Loan Program)" to be authenticated and delivered pursuant to Article II of the Indenture.

"Series A Bond Insurance Policy" means the municipal bond insurance policy issued by MBIA insuring the principal of and interest on the Series A Bonds.

"Series A Reserve Fund" means the Series A Reserve Fund created in Section 301 of the Indenture.

"Series A Reserve Fund Requirement" means an amount initially equal to \$6,950,000 reduced by any amount applied to pay Bonds from the Series A Reserve Fund pursuant to the Indenture in the event of payment in full of a Loan and by any reduction therein required by the provisions of the Indenture intended to assure the continued maintenance of the exemptions of the interest on the Series A and B Bonds from federal income taxation to which such Bonds would otherwise be entitled.

"Series B Bonds" means the "Illinois Health Facilities Authority Revenue Bonds, Series 1988B (Community Provider Pooled Loan Program)" to be authenticated and delivered pursuant to Article II of the Indenture.

"Series B Bond Insurance Policy" means the municipal bond insurance policy issued by MBIA insuring the principal of and interest on the Series B Bonds.

"Series C Bonds" means the "Illinois Health Facilities Authority Taxable Revenue Bonds, Series 1988C (Community Provider Pooled Loan Program)" to be authenticated and delivered pursuant to Article II of the Indenture.

"Series C Bond Insurance Policy" means the municipal bond insurance policy issued by MBIA insuring the principal and interest on the Series C Bonds.

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"Series C Expense Fund" means the Series C Expense Fund created in Section 301 of the Indenture.

"Series C Reserve Fund" means the Series C Reserve Fund created in Section 301 of the Indenture.

"Series C Reserve Fund Requirement" means an amount initially equal to \$263,000 reduced by any amount applied to pay Bonds from the Series C Reserve Fund pursuant to Sections 308 and 409 of the Indenture in the event of payment in full of a Loan.

"Share of the Series A Reserve Fund" means with respect to the Health Institution, the amount of moneys and the market value of securities held in the Series A Reserve Fund multiplied by a fraction, the numerator of which is the outstanding principal amount of the Loan to the Health Institution (excluding any portion of such Loan made with Series C Bond proceeds), without giving effect to partial payments and the denominator of which is the outstanding principal amount of all Loans under the Program (excluding any portion of the Loans made with Series C Bond proceeds) without giving effect to partial payments.

"Share of the Series C Reserve Fund" means, with respect to any Health Institution, the amount of moneys and the market value of securities held in the Series C Reserve Fund multiplied by a fraction, the numerator of which is the outstanding principal amount of the Loan to such Health Institution (excluding the portion of such Loan made with Series A and B Bond proceeds), giving effect to partial payments, and the denominator of which is the outstanding principal amount of all Loans under the Program (excluding the portions of the Loans made with Series A and B Bond proceeds), giving effect to partial payments.

"State" means the State of Illinois.

"State Contract" means any contract for the provision of community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems between the Health Institution or the Guarantor and an Applicable Department.

"State Department" means the Department of Alcoholism and Substance Abuse, the Department of Mental Health and Developmental Disabilities or the Department of Public Aid of the State.

"Supplemental Reserve Fund" means the Supplemental Reserve Fund created in Section 301 of the Indenture.

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"Supplemental Reserve Fund Negative Arbitrage" means for any calculation period the Trustee's estimate of the negative difference, if any, between (i) the interest which will become due on the Series C Bonds maturing August 15, 2003 and (ii) the Trustee's estimate of the interest to be received (or, if all or a portion of the amounts deposited in the Supplemental Reserve Fund has been withdrawn for any purpose other than the redemption of Series C Bonds upon the payment in whole of the Loan of a DPA Health Institution, the amount which it estimates would have been earned if such amounts had not been withdrawn) during such period from the reinvestment of moneys in the Supplemental Reserve Fund in an amount equal to the principal amount of such Series C Bonds; provided, however, that for the annual period ending August 15, 2003, the Trustee shall calculate such investment deficiency as if the reinvestment rate expressed as a percent were equal to the actual reinvestment rate expressed as a percent estimated by the Trustee to be in effect for such period minus 2%; and provided further that (i) if the Trustee's estimate of the deficiency in any year other than the annual period ending August 15, 2003 proves less than the actual deficiency, the difference shall be added to the amount of the Supplemental Reserve Fund Negative Arbitrage for the next annual calculation period, or (ii) if the Trustee's estimate of the deficiency is greater than the actual deficiency, the difference shall be credited against the amount of the Supplemental Reserve Fund Negative Arbitrage for such next succeeding annual calculation period; provided further that, notwithstanding anything herein to the contrary, if the Trustee's estimate of the Supplemental Reserve Fund Negative Arbitrage in the annual period ending August 15, 2003, as determined by the Trustee on or before July 15, 2003, will be less than the actual amount of the Supplemental Reserve Fund Negative Arbitrage, the Trustee shall assess each Health Institution its Pro Rata Share of such actual deficiency (calculated on the same basis as its Pro Rata Share of the Supplemental Reserve Fund Negative Arbitrage would be calculated) as a Loan Payment under its Agreement.

"Supplemental Reserve Fund Requirement" means an amount initially equal to \$775,000 reduced by any amount applied to pay Bonds from the Supplemental Reserve Fund pursuant to the Indenture in the event of payment in full of a Loan by a DPA Health Institution.

"Tax-Exempt Obligations" means obligations described in Section 103(a) of the Code, the interest on which is not includable in the gross income of any owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed by Section 55 of the Code.

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"Tax-Exempt Organization" means a person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxes under Section 501(a) of the Code, and which is not a "private foundation" within the meaning of Section 509(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Trustee" means American National Bank and Trust Company of Chicago, Chicago, Illinois, being the paying agent, registrar and the trustee under the Indenture, or any successor corporate trustee.

"Underwriters" means Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette, Kirchner Moore & Company and Ward and Associates, Inc.

"United States Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is fully guaranteed by, the United States of America.

"Unrelated Trade or Business" means an activity that constitutes an "unrelated trade or business" within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code.

"U.S." means the United States of America.

"Written Request" means with reference to the Authority, a request in writing signed by the Chairman, Vice-Chairman, Executive Director or Associate Executive Director of the Authority and with reference to the Health Institution means a request in writing signed by the President or a Vice President of the Health Institution, or any other officers designated by the Authority or the Health Institution, as the case may be.

"Yield" or "yield" means that yield (i.e., discount rate) which when used in computing the present worth of all payments of principal and interest paid and to be paid on an obligation (using semi-annual compounding on the basis of a 360-day year) produces an amount equal to its purchase price, including accrued interest.

All terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture. All accounting terms not otherwise defined herein or in the Indenture shall have the meanings assigned to them in accordance with generally accepted accounting principles.

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beginning of the year and ending
with the year ending 1950. The
total amount of the year ending
1950 is \$1,000,000. The amount
of the year ending 1949 is \$950,000.
The amount of the year ending 1948 is \$900,000.
The amount of the year ending 1947 is \$850,000.

The amount of the year ending 1946 is \$800,000.
The amount of the year ending 1945 is \$750,000.
The amount of the year ending 1944 is \$700,000.

The amount of the year ending 1943 is \$650,000.
The amount of the year ending 1942 is \$600,000.

The amount of the year ending 1941 is \$550,000.
The amount of the year ending 1940 is \$500,000.

The amount of the year ending 1939 is \$450,000.
The amount of the year ending 1938 is \$400,000.
The amount of the year ending 1937 is \$350,000.
The amount of the year ending 1936 is \$300,000.

The amount of the year ending 1935 is \$250,000.
The amount of the year ending 1934 is \$200,000.
The amount of the year ending 1933 is \$150,000.
The amount of the year ending 1932 is \$100,000.
The amount of the year ending 1931 is \$50,000.
The amount of the year ending 1930 is \$0.

The amount of the year ending 1929 is \$0.
The amount of the year ending 1928 is \$0.
The amount of the year ending 1927 is \$0.
The amount of the year ending 1926 is \$0.

The amount of the year ending 1925 is \$0.
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The amount of the year ending 1923 is \$0.
The amount of the year ending 1922 is \$0.

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All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision unless the context indicated otherwise.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE HEALTH INSTITUTION

SECTION 2.1. Representations, Warranties and Covenants of the Health Institution. The Health Institution represents, covenants and warrants for the benefit of Authority, the Trustee, MBIA and the Owners as follows:

(a) Corporate Organization and Authority. The Health Institution:

(i) is a not for profit corporation duly organized, validly existing and in good standing under the laws of the State of Illinois;

(ii) is a "participating health institution" (as defined in the Act) and is authorized by the laws of the State to provide or operate a "health facility" (as defined in the Act) that is located in the State;

(iii) has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its activities as now conducted and as presently proposed to be conducted; and

(iv) has been organized exclusively for charitable and eleemosynary purposes and no part of its net earnings inures to the benefit of any person, private stockholder or individual within the meaning of Section 3(a)(4) of the Securities Act of 1933, as amended.

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(b) Full Disclosure. There is no fact that the Health Institution has not specifically disclosed to the Authority and MBIA in writing that materially and adversely affects or (so far as the Health Institution can now foresee), except for pending or proposed legislation or regulations that are a matter of general public information affecting health care institutions generally, that will materially affect adversely the ability of the Health Institution to perform its obligations under this Agreement and the State Contracts.

The representations of the Health Institution in this Agreement and any other written statement furnished by the Health Institution to the Authority, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements not misleading. There is no fact which the Health Institution has not disclosed to the Authority and MBIA in writing which materially affects adversely or, so far as the Health Institution can now foresee, will materially affect adversely its tax exempt status or its status as a Tax Exempt Organization, its ability to own and operate its property, its status as an eligible provider under its State Contracts or its ability to make the payments under this Agreement when and as the same become due and payable.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Health Institution, threatened against or affecting the Health Institution, except as specifically described in writing to the Authority and MBIA, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Health Institution, or the corporate existence, powers or ability of the Health Institution to enter into and perform its obligations under this Agreement.

(d) Borrowing Legal and Authorized. The execution, delivery and performance of this Agreement including without limitation the granting and giving of the mortgage lien, the security interests and the other security provided for hereunder, the consummation of the transactions provided for in this Agreement and compliance by the Health Institution with the provisions of this Agreement:

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(1) are within the corporate powers and have been duly authorized by all necessary corporate and other action on the part of the Health Institution, and the Agreement in the hands of the holder thereof will be the legal and valid obligation of the Health Institution; and

(2) do not and will not conflict with, result in any breach of any of the terms, conditions or provisions of, constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Health Institution pursuant to, any indenture, loan agreement, other agreement or instrument (other than this Agreement) or corporate restriction to which the Health Institution is a party or by which the Health Institution may be bound, nor will such action result in any violation of the provisions of the articles of incorporation or bylaws of the Health Institution or any laws, ordinances, governmental rules or regulations or court orders to which the Health Institution or any of its properties or operations is subject.

(e) No Defaults. No event has occurred and no condition exists that, upon the passage of time or the giving of notice or both, would constitute a Default or an Event of Default. The Health Institution is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (i) have heretofore been specifically disclosed in writing to, and have been in writing specifically consented to by, the Authority and MBIA and (ii) do not, and will not, have any material adverse effect on the transactions herein contemplated and the compliance by the Health Institution with the terms hereof, of its charter, articles of incorporation or bylaws or any agreement or other instrument to which it is a party or by which it, its properties or operations may be bound.

(f) Governmental Consent. The Health Institution has obtained all permits, approvals and findings of non-reviewability required by any governmental body or officer for the acquisition, construction, remodeling, renovation, and/or equipping of the Improvements, the financing or refinancing thereof, the reimbursement of the Health Institution therefor in the case of

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facilities to be utilized in connection with services provided pursuant to the Medicare program, or the payment by each Applicable State Department for services rendered utilizing such Improvements which in the case of an Improvement which is not yet completed can be obtained prior to the completion of such Improvement, including without limitation a certificate of need permit, a certificate of exemption or a finding of non-reviewability from the Illinois Health Facilities Planning Board if and to the extent required by applicable law, whether by reason of the aggregate amount of the cost of the Improvements, the inclusion of the Improvements in another project requiring such permit, approval, certificate or finding of non-reviewability, or otherwise; the Health Institution has complied with any applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the acquisition, construction, remodeling, renovation and/or equipping of the Improvements, financing or refinancing thereof, reimbursement of the Health Institution therefor or the payment by each Applicable State Department for services rendered utilizing such Improvements; and any such acquisition, construction, remodeling, renovation, equipping, financing, refinancing or reimbursement contemplated in this Agreement is consistent with, and does not violate or conflict with, the terms of any order of such Planning Board or any Applicable State Department which is applicable thereto. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority which has not been obtained is required on the part of the Health Institution as a condition to the execution and delivery of this Agreement.

(g) Taxes. The income of the Health Institution is not subject to taxation under Chapter 120, Section 2-205 of the Illinois Revised Statutes, 1987 (the Illinois Income Tax Act). The Health Institution is a Tax-Exempt Organization and has obtained a determination by the Internal Revenue Service to such effect; such status has not been and is not being contested by the Internal Revenue Service. All Federal and state tax or information returns, statements, certificates and reports of the Health Institution required by law to be filed to the date hereof in order to establish and maintain such exemptions from taxation under the Illinois Revised Statutes, 1987, as amended and supplemented, and the Code have been duly filed.

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(h) **Compliance with Law.** The Health Institution:

(1) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as a Tax-Exempt Organization which is a "participating health institution" under the Act and an Illinois not for profit corporation; and

(2) has obtained all licenses, permits, franchises or other governmental authorizations necessary to the ownership of its property or to the conduct of its activities, and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future;

which violation of or failure to obtain might materially and adversely affect (i) the ability of the Health Institution to own its properties or to conduct its activities as presently conducted, (ii) its status as a Tax-Exempt Organization, as a "participating health institution" under the Act or as such a not for profit corporation or (iii) the condition (financial or otherwise) of the Health Institution.

(i) **Use of Proceeds.** The Health Institution will apply the proceeds of the Loan from the Authority solely as follows:

(1) The proceeds of the Series A Bonds which are loaned to the Health Institution will be applied to retire indebtedness of the Health Institution described in the Health Institution's Project Certificate or reimburse the Health Institution for amounts applied by it to retire the portion of such indebtedness coming due after the date of such Project Certificate and before the application of Bond proceeds to pay such indebtedness, to fund a portion of the Series A Reserve Fund and to pay a portion of the cost of issuing the Series A and B Bonds. The proceeds of such indebtedness were applied to pay the costs described in such Project Certificate.

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INVESTIGATION REPORT OF THE CHIEF OF POLICE

REPORT NO. 100-100000-100000

DATE: 10-10-10

REPORTER: [Name]

REPORTING OFFICE: [Office Name]

REPORTING OFFICER: [Officer Name]

REPORTING OFFICER'S ID: [ID Number]

REPORTING OFFICER'S SIGNATURE: [Signature]

REPORTING OFFICER'S CONTACT INFORMATION: [Contact Info]

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(2) The proceeds of the Series B Bonds which are loaned to the Health Institution will be applied to pay or to reimburse the Health Institution for the payment of all or a portion of the cost of the items described in the Health Institution's Project Certificate, to fund a portion of the Series A Reserve Fund and to pay a portion of the cost of issuing the Series A and B Bonds. All of said items for which the Health Institution is to be reimbursed were acquired, constructed, remodeled, renovated, and/or installed by the Health Institution subsequent to the commencement of the fiscal year of the Health Institution which fiscal year immediately preceded the fiscal year of the Health Institution during which the Health Institution executed its Loan Application.

(3) The proceeds of the Series C Bonds which are loaned to the Health Institution will be used to pay a portion of the costs of issuing the Series A, B and C Bonds, to fund the Series C Reserve Fund and, if the Health Institution is a DPA Health Institution, to fund the Supplemental Reserve Fund. The portion of the proceeds, if any, of the Series C Bonds reflected in Exhibit A as being deposited in the Acquisition Subaccount will be applied to pay the costs of the items described in the Health Institution's Project Certificate.

All of the costs described above constitute "costs" as defined in Section 2.05 of the Act of a "project" as defined in Section 2.04 of the Act consisting of a mental or physical rehabilitation facility, an educational facility or home, for the developmentally or physically disabled, or an alcohol, drug or substance abuse diagnosis, treatment or rehabilitation facility. Except as described in Exhibit J, none of the proceeds of the Loan are being or will be used, directly or indirectly, to refinance any indebtedness arising from a loan to the Health Institution which was funded from the proceeds of obligations the interest on which is or was exempt from federal income taxes under existing statutes, regulations or court decisions. All items constituting the Improvements are included within the term "project" as defined in the Act, and do not, and shall not, at

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any time, include any institution, or place, or equipment or other personal property, used or to be used for a purpose or in a manner prohibited by the second, third, fourth or fifth paragraphs of Section 9.2 hereof.

Any indebtedness of the the Health Institution to be refunded, directly or indirectly, with Bond proceeds was incurred by the the Health Institution, and the proceeds of said indebtedness have been expended, to pay or refinance indebtedness of the the Health Institution which was initially incurred by the the Health Institution to pay, and the proceeds of which were expended to pay, all or a portion of the "costs" of "projects" (as defined in the Act) owned and operated by the Health Institution; and such refunding, if any, is in the public interest and either (i) will alleviate a financial hardship upon the Health Institution, (ii) is in connection with other financing for the Health Institution by the Authority or (iii) is expected to result in a lessened cost of patient care and a saving to third parties, including government, and to others who must pay for care, or any combination thereof.

(j) **Deposit of Collateral.** If requested by MBIA, the Health Institution has deposited with the Trustee prior to the Closing cash or certificates of deposit in the amount requested by MBIA.

(k) **Incorporation by Reference.** The representations and warranties contained in the Health Institution's Project Certificate and in Exhibit I are incorporated herein by reference as if set forth in full herein.

(l) **Guaranty.** If the Health Institution is not or is not intended to be the operator of the Improvements, it has caused the operator or prospective operator to execute a Guaranty.

(m) **Residential Rental Property.** The Health Institution has executed a Regulatory Agreement with respect to all portions of the Improvements which have been or are being used to provide residential rental property for family units. Such Regulatory Agreement will be recorded in the proper records prior to the initial disbursement of moneys from the Health Institution's Acquisition Subaccount created under the Indenture.

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ARTICLE III

LOAN TO HEALTH INSTITUTION

Section 3.1. Loan to Health Institution. The Authority hereby loans to the Health Institution and the Health Institution borrows from the Authority the portions of the proceeds of the Bonds described in Exhibit A hereto which shall be deposited and applied as described in such Exhibit.

The Health Institution further acknowledges that such amounts deposited into the Expense Fund and the Series C Expense Fund shall be requisitioned by the Authority to pay the costs of issuing the Health Institution's Pro Rata Share of the Bonds and other costs of the Program.

Amounts shall be disbursed from the Acquisition Subaccount upon the terms and subject to the conditions of Article VI hereof.

ARTICLE IV

TERM OF AGREEMENT

Section 4.1. Term of Agreement. The term of this Agreement shall commence on the date of delivery hereof and shall terminate upon the payment or provision for payment in full of all amounts due hereunder, provided however, that the covenants and obligations contained in the second paragraph of Section 9.2 and in Sections 9.7, 10.1, 11.3, 12.3, 13.5, 13.10 and 13.11 hereof shall survive termination of this Agreement.

ARTICLE V

SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

Section 5.1. Security Provisions. In order to secure the payment of the Loan and all other payment obligations hereunder and to secure the performance by the Health Institution of all the covenants expressed or implied by this Agreement the Health Institution does hereby assign, grant, bargain, sell, transfer, pledge, set-over, convey, mortgage and confirm unto the Authority and its successors and assigns forever, and does grant a security interest thereunto forever in:

- (a) the Mortgaged Property together with the entire interest (whether now owned or hereafter acquired) in and to said real estate and the entire interest of the Health Institution in and to all buildings, structures, improvements and appurtenances

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now standing, or at any time thereafter constructed upon such real estate, including all right, title and interest of the Health Institution in and to all building materials, building equipment and fixtures of every kind and nature whatsoever on said real estate or in any building, structure or improvement now or hereafter constructed on said real estate, and the reversion or reversions, remainder or remainders, in and to said real estate, and together with the entire interest of the Health Institution in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to said real estate, belonging or in any way appertaining thereto, and all right, title and interest of the Health Institution in and to any streets, ways or alleys adjoining said real estate or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Health Institution either in law or in equity, in possession or expectancy of, in and to said real estate, it being the intention of the parties hereto that so far as may be permitted by law, all tangible property now owned or hereafter acquired by the Health Institution and affixed to or attached to said real estate shall be deemed to be, and shall be considered as, fixtures and appurtenances to said real estate of the Health Institution, together with all rents, income, issues and profits therefrom and proceeds thereof; provided, however, that food service equipment, television service equipment, x-ray, surgical, laboratory, radio-isotopes and similar medical equipment which may be attached or affixed to said real estate shall not be deemed to be fixtures to said real estate unless such equipment cannot be removed and the structures restored without material damage to said real estate; subject to Permitted Encumbrances; and

(b) to the extent permitted by law, in the Pledged Accounts and in the Additional Accounts, subject to Permitted Encumbrances, and all of its right, title and interest, if any, in the Funds and in any trust accounts referred to in this Agreement or the Indenture.

This pledge shall be valid and binding from and after the date of the first delivery of any of the Bonds. To the extent any property covered by this Agreement consists of rights of action or personal property, this Agreement constitutes a security agreement and creates a security interest in such property in favor of the Authority.

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The Authority shall have and hold all and singular, the Mortgaged Property, the Pledged Accounts, the Additional Accounts and such Funds and trust accounts whether now owned or hereafter acquired, unto the Authority, its successors and assigns forever; provided, however, that this mortgage and grant of security interests is upon the express condition that if the Health Institution shall pay or cause to be paid all indebtedness and other amounts secured hereby and shall keep, perform and observe all and singular the covenants and promises in this Agreement expressed to be kept, performed and observed by the Health Institution, then this Agreement and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

Section 5.2. Loan Payments and Other Amounts Payable.

(a) The Health Institution shall pay or cause to be paid to the Trustee in lawful money of the United States of America the Loan Payments for the Health Institution as calculated and recalculated pursuant to Article V of the Indenture. The initial Loan Payments which are subject to recalculation pursuant to the Indenture, including without limitation recalculation within 30 days after the issuance of the Bonds, are set forth in Exhibit D hereto. The Loan Payments payable for each annual period from August 16 of one year to August 15 of the next year shall be made in equal monthly payments due on or before the last Business Day of the months set forth below. If the Health Institution has a contract with the Illinois Department of Public Aid (unless MBIA consents in writing to the payment schedule described in the next sentence), it shall make eight monthly payments commencing in September 1988 and nine monthly payments commencing in August during each annual period thereafter. If the Health Institution has such a contract with the Illinois Department of Public Aid but has received MBIA's written consent or if the Health Institution does not have such a contract, it shall make nine monthly payments commencing in September, 1988 and ten monthly payments commencing in August during each annual period thereafter. The Health Institution agrees to continue making the payments required by this Section 5.2 until its Loan has been repaid in full and to make the payments required to be made thereafter hereunder. The Health Institution shall also pay or cause to be paid its Pro Rata Share of any shortfall in the final year of the Bonds, as determined by the Trustee pursuant to Section 5.12 of the Indenture.

(b) In the event any moneys in the Supplemental Reserve Fund, the Series A Reserve Fund or the Series C

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1. The undersigned, Clerk of Cook County, Illinois, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears on the records of the County Clerk's Office.

Witness my hand and the seal of said County at Chicago, Illinois, this _____ day of _____, 19____.

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CLERK OF COOK COUNTY
CHIEF CLERK

Reserve Fund, to the extent applicable, are transferred to the Bond Fund to make up deficiencies between (i) the amount owed by the Health Institution on Correlative Series A and B Bonds or Correlative Series C Bonds, on Series A and B Bonds equal to its Share of the Series A Reserve Fund, on Series C Bonds equal to its Share of the Series C Reserve Fund or on Series C Bonds equal to its Pro Rata Share of the Supplemental Reserve Fund and (ii) the amounts paid or caused to be paid by the Health Institution pursuant to subsection (a) above, the Trustee shall give written notice thereof to such Health Institution which shall immediately deposit moneys into the applicable Reserve Fund an amount equal to the amount so transferred and shall deposit interest on such amount at the maximum stated interest rate on the outstanding Bonds from the date of the draw on the applicable Reserve Fund to the date of repayment of such amount which interest shall be deposited first into the applicable Reserve Fund until the full amount required to be on deposit therein has been restored or, in the case of the Supplemental Reserve Fund, the amount withdrawn therefrom for the benefit of the Health Institution has been restored, and then into the Bond Fund.

(c) The Health Institution agrees to pay its Pro Rata Share of the Rebate Amount within 5 days following the mailing of notice each year of such amount to the Health Institution by the Trustee.

(d) To the extent permitted by law, the Health Institution agrees to pay to the Trustee any amount of principal or interest on the Bonds which a Bondholder received, and which the Trustee has notice that such Bondholder has been required to disgorge to the Health Institution or its trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws.

(e) The other provisions hereof notwithstanding, the Health Institution agrees to pay to the Bond Trustee such additional amounts as are assessed to the Health Institution pursuant to Section 5i2(g) of the Indenture as its share of any additional amounts necessary to make payment on the Bonds or to pay costs of or related to the Program which additional amounts are not attributable to any default by any other institution participating in the Program.

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The obligation of the Health Institution to make the payments required by this Section and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Agreement. Notwithstanding any dispute between the Health Institution and the Authority, the Trustee, any Owner, or any other person, the Health Institution shall make all payments required by this Section when due and shall not withhold any payment pending final resolution of such dispute nor shall the Health Institution assert any right of setoff or counterclaim against its obligation to make such payments required under this Agreement. The Health Institution's obligation to make such payments during the term of this Agreement shall not be abated through accident or unforeseen circumstances. The Health Institution shall bear all risk of damage or destruction in whole or in part to the Improvements or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Improvements, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of the Improvements or the compliance by the Health Institution with any of the terms of this Agreement.

ARTICLE VI

COMPLETION OF THE IMPROVEMENTS

Section 6.1. Agreement to Complete the Improvements. The Health Institution agrees that it will complete the Improvements with all reasonable dispatch and will obtain all permits, approvals, consents, findings and authorizations and make all filings, registrations and qualifications of the type referred to in Section 2.1(f) hereof by the time required which relate to the Improvements or the financing or refinancing thereof.

Section 6.2. Disbursements from the Acquisition Sub-account. In the Indenture, the Authority has authorized and directed the Trustee to make payments from the Acquisition Subaccount of the Health Institution to pay the Costs of the Improvements, other than the costs of issuing the Bonds. Such payments shall be made only at the times specified in the Indenture. Each payment of the Costs shall be made only upon receipt by the Trustee of a requisition signed by an Authorized Representative of the Health Institution stating (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due or was made, (iii) the amount to be paid, (iv) that such costs have been incurred by the Health Institution and are presently due and payable or have been paid by the Health Institution and are reimbursable hereunder and that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from

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the Acquisition Subaccount, (v) the nature of each item for which the payment is proposed to be made, that such item is or was reasonable and necessary in connection with the Improvements and is a proper charge against the Acquisition Subaccount and that the costs to be paid or reimbursed are valid "costs" of a "project" under the Act, (vi) with respect to the construction of Improvements described in the Health Institution's Project Certificate, a statement that the general contractor has filed with the Health Institution receipts or waivers of liens for all amounts theretofore disbursed for work, materials and equipment furnished by such general contractor, and, upon completion of a subcontract by any subcontractor, receipts or waivers of liens by such subcontractor for all amounts theretofore disbursed for work, materials and equipment furnished by such subcontractor, (vii) that each item for which the payment is proposed to be made is the subject of a certificate of need permit, a certificate of exemption or a finding of non-reviewability by the Illinois Health Facilities Planning Board or that attached to such requisition is an opinion of counsel acceptable to MBIA, the Authority and the Trustee to the effect that no such certificate or finding with respect to such item is required, (viii) that upon payment of the amount requested in such requisition, the amounts remaining in the Acquisition Subaccount, together with other legally available moneys of the Health Institution, are sufficient to pay the portion of the costs then unpaid, and (ix) such costs are for Improvements which do not and will not violate the provisions of Section 9.2 and payment of such costs with amounts on deposit in the Program Fund and the use of such Improvements will not result in a violation of the provisions of Sections 9.2 or 9.7.

Notwithstanding any provisions of this Section to the contrary, the Trustee shall make no disbursements from the Acquisition Subaccount after the disbursement to the Expense Fund referred to in Section 3.1 hereof until the Trustee has received (i) fully executed contracts between the Health Institution and the Applicable Departments for the current annual period beginning the preceding July 1 containing the provisions set forth in Exhibit E hereto and signed by an officer of the Applicable Department acceptable to MBIA and providing for the payment to the Trustee of an aggregate amount equal to the Loan Payments becoming due during the term of such contracts or, if the Health Institution is not the operator of the Improvements, a Guaranty executed by such operator together with fully executed contracts between the operator and the Applicable Departments for the current annual period beginning the preceding July 1 containing such provisions, signed by such officer, acceptable to MBIA and providing for such payments; (ii) with respect to Improvements the costs of which are to be reimbursed or refinanced through the refinancing of indebtedness, receipt of the title insurance required by Section 7.4(f) hereof which in the case of the Improvements to be financed shows the release of

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the lien securing the indebtedness refinanced with the proceeds of the Loan; provided that the aggregate amount of all the title insurance referred to in subsection (ii) and in subsection (iii) shall not be less than the amount of the Health Institution's Loan; (iii) with respect to improvements to be acquired, constructed, remodeled, renovation or equipped, satisfactory documentation of amendments to Exhibit B hereto to include any real property to be added to such Exhibit and receipt of the title insurance required by Section 7.4(f) hereof; provided that the aggregate amount of all the title insurance referred to in subsection (ii) and in subsection (iii) shall not be less than the principal amount of the Health Institution's Loan; (iv) evidence satisfactory to MBIA that this Agreement, any Regulatory Agreement to which the Health Institution is a party and the Indenture or evidence thereof satisfactory to MBIA have been recorded with the recorder of deeds in the county or counties where the Improvements are located and that financing statements have been filed with such recorder and the Office of the Secretary of State of the State of Illinois to perfect the security interests granted or assigned hereby and by the Indenture; (v) an opinion of counsel acceptable to MBIA, the Authority and the Trustee to the effect that this Agreement creates a first mortgage lien on the Mortgaged Property, as amended, and a prior perfected security interest, to the extent such interest can be perfected solely by such filing, in the Pledged Accounts and the Additional Accounts, subject in each case only to Permitted Encumbrances, and containing such other opinions as are reasonably requested by MBIA or the Authority; (vi) with respect to the Improvements, the costs of which are to be reimbursed or refinanced through the refinancing of indebtedness, in either case at the first disbursement after the disbursement to the Expense Fund referred to in Section 3.1, a letter from an Independent Accountant to the effect that the Health Institution has made the expenditures for the Improvements referred to in such letter for which such Health Institution is then requesting reimbursement or that such expenditures were made with the proceeds of the indebtedness which such Health Institution is then seeking to refinance; (vii) appraisals, as of a date within 120 days of the first disbursement after the disbursement to the Expense Fund referred to in Section 3.1, satisfactory to MBIA and the Authority of all real property subject to the lien hereof which appraisals indicate that the amount of the Health Institution's Loan does not exceed 80% of the appraised value of such property; (viii) a certificate of an Insurance Consultant (with insurance certificates attached) which indicates that the insurance then being maintained by the Health Institution complies with Section 7.4 hereof, or in such other form as is acceptable to MBIA, and the initial determination required by Section 7.4(a); and (ix) written consent of MBIA to the initial disbursement (excluding the disbursement to the Expense Fund referred to in Section 3.1 hereof), which consent may not be withheld as long as the Trustee has received the items referred to in the preceding clauses of this sentence.

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Section 6.3. Establishment of Completion Date; Actions Required Upon Completion. The Completion Date shall be evidenced to the Trustee by a certificate signed by an Authorized Representative of the Health Institution stating that except for amounts retained by the Trustee for any amount of the Costs not then due and payable, the Improvements have been completed and, with respect to Improvements which were constructed, renovated or remodeled, that the Improvements have been completed in accordance with the plans and specifications therefor, the labor, services, materials and supplies used in connection with such Improvements have been paid for, all other facilities necessary in connection with such Improvements have been acquired, constructed and installed in accordance with the plans and specifications, all costs and expenses incurred in connection therewith have been paid, and the Improvements conform with all applicable zoning, planning and building regulations and are suitable and sufficient for efficient operation as a health facility within the meaning of the Act. Notwithstanding the foregoing, the certificate shall be and shall state that it is given without prejudice to any right of the Authority or the Health Institution against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate the Trustee shall retain in the Acquisition Subaccount an amount necessary for payment of the Costs not then due and payable; all other amounts remaining in the Acquisition Subaccount after the Completion Date and after payment of the Costs then due and payable, shall be deposited in the Bond Fund and used to call Correlative Bonds in accordance with Section 402(c) of the Indenture.

If any Loan proceeds are used to purchase, construct, renovate, remodel and equip Improvements, upon completion of the Improvements and delivery to the Trustee of the certificate required by the first paragraph of this Section 6.3, the Health Institution shall take whatever action is necessary to grant to the Authority and assign to the Trustee a first mortgage lien on the real property portion of such Improvements, subject only to Permitted Encumbrances, to provide title insurance on such real property in compliance with Section 7.4(f) hereof, to subject to the pledge and security interest created hereunder the State Contract or Contracts with the Applicable Departments relating to such Improvements for the provision of community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems and to provide to the Trustee an appraisal as of a date within 120 days of the date of delivery thereof satisfactory to MBIA and the Authority of all such real property included in such Improvements and the other real property subject to the lien hereof which indicate that the amount of the Health Institution's Loan does not exceed 80% of the appraised value of the real property subject to the lien hereof.

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Section 6.4. Completion of the Improvements if the Acquisition Subaccount is Insufficient. The Health Institution acknowledges that the moneys in the Acquisition Subaccount available for payment of the Costs of the Improvements may not be sufficient to pay the Costs of the Improvements in full, and agrees to complete the Improvements and to pay that portion of the Costs in excess of the moneys available therefor in the Acquisition Subaccount from any moneys legally available for such purpose. The Authority does not make any warranty, either express or implied, that the moneys which will be paid into the Acquisition Subaccount will be sufficient to pay all the Costs. The Health Institution shall not be entitled as a result of paying a portion of the Costs pursuant to this Section to any reimbursement therefor from the Authority, the Trustee or from the Owners, nor shall it be entitled to any diminution in or postponement of the Loan Payments or other payments required to be paid hereunder.

Section 6.5. Plans and Specifications. In connection with the construction, renovation and remodeling of Improvements, the Health Institution shall file the plans and specifications therefor and a schedule of the equipment and other portions thereof which are not the subject of the plans and specifications and any amendments thereto with the Trustee for safekeeping. The Health Institution may revise the plans, specifications and schedule at any time prior to the Completion Date, provided that the Authorized Representative of the Health Institution shall certify to the Trustee and the Authority that (i) the Improvements, after completion of acquisition, construction, remodeling, renovating and equipping thereof in accordance with the revised plans, specifications and schedule, will constitute a "health facility" within the meaning of the Act, (ii) the Improvements when completed in accordance with the revised plans, specifications and schedule, will not be materially inconsistent with the description of the Improvements in the Project Certificate of the Health Institution, (iii) such change or amendment will not, when aggregated with all other prior changes or amendments cause the total estimated cost of the Improvements to exceed the amount on deposit in the Health Institution's Acquisition Subaccount plus a reasonable estimate of the investment income thereon and on other funds, if any, established under the Indenture, held by the Trustee and to be deposited in the Acquisition Subaccount, (iv) such change will not reduce the average useful life of the Improvements, and (v) such change in the plans, specifications and schedule will not result in the Improvements conflicting with the provisions of Section 9.2 or in any conflict with the provisions of Section 9.7.

In addition, the Health Institution may make revisions to the plans, specifications and schedule which will cause the

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Improvements to be materially inconsistent with the description of the Improvements contained in the Project Certificate of the Health Institution so long as the Health Institution has provided the certifications described in (i), (iii) and (v) above and has provided to the Authority and the Trustee an opinion of nationally recognized municipal bond counsel acceptable to the Authority to the effect that such revisions will not adversely affect the validity of the Bonds or the exemption of the Series A or B Bonds from federal income taxation. The Health Institution may rely on a certificate of the Trustee as to the amounts available or to be available in the Acquisition Subaccount to complete the Improvements as aforesaid. No such change or amendment shall be made which would result in the facilities of the Health Institution being used for any purpose prohibited by Section 9.2 hereof or which would result in a violation of the provisions of Section 9.7 hereof, which would violate or conflict with the terms of the approvals, certificates of exemption or findings of non-reviewability concerning the Improvements by the Illinois Health Facilities Planning Board or any Applicable Department or which would result in the Improvements or any portion thereof not being located on the real property subject to the mortgage lien granted hereunder. A copy of each such change in or amendment to the plans, specifications and schedule shall be filed promptly with the Trustee.

Section 6.6. Surety Bonds, Health Institution to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In connection with the construction, renovation or remodeling of Improvements described in the Project Certificate of the Health Institution, the Health Institution shall secure from each contractor directly employed by the Health Institution under a contract or contracts totaling over \$100,000 a payment and performance bond executed by a responsible surety company authorized to do business in the State in a penal sum equal to the entire amount to become payable under the contract with such general contractor. Each bond shall be conditioned on the completion of the work in accordance with the plans and specifications and upon the payment of all claims of subcontractors and suppliers. A dual obligee rider in favor of the Authority and the Trustee shall be obtained by the Health Institution for each such bond. Each such bond shall be delivered by the Health Institution to the Trustee and the Authority promptly upon receipt thereof by the Health Institution.

In the event of a material default of any contractor or subcontractor under any contract in connection with such Improvements or in the event of a material breach of warranty with respect to any material, workmanship or performance guaranty, the Health Institution will promptly proceed to exhaust

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the remedies of the Health Institution, the Authority and the Trustee against the contractor, subcontractor or supplier in default and against any surety for the performance of such contract. The Health Institution shall advise the Authority and the Trustee of the steps it intends to take in connection with any such default. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Acquisition Subaccount, net of legal fees, unless recovered after the Completion Date and full disposition of the Acquisition Subaccount in accordance with this Agreement, in which case they shall be transferred to the Bond Fund and applied to the redemption in accordance with Section 402(c) of the Indenture of Correlative Bonds of such Health Institution.

ARTICLE VII

MAINTENANCE; MODIFICATION; TAXES; AND INSURANCE

Section 7.1. Maintenance of Mortgaged Property by the Health Institution. The Health Institution agrees that at all times during the term of this Agreement, the Health Institution will, at the Health Institution's own cost and expense, maintain, preserve and keep the Mortgaged Property or cause the Mortgaged Property to be maintained, preserved and kept, together with the appurtenances thereto and every part and parcel thereof, in good repair, working order and condition and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof as may be necessary so that its business carried on in connection therewith may be properly and advantageously conducted at all times. The Authority shall have no responsibility in any of these matters.

Section 7.2. Substitution, Modification or Alteration of Mortgaged Property or Improvements; Maintenance of Property Free of Liens. Subject to the provisions of Sections 9.2, 9.7 and 9.8 hereof, the Health Institution shall have the privilege at its own cost and expense of making substitutions (including substitution of the real property referred to in the second paragraph of Section 5.3 for property already included in the Mortgaged Property), additions, modifications and improvements to the Mortgaged Property and the same shall be the property of the Health Institution and subject to the terms of this Agreement as part of the Mortgaged Property; provided, however, that:

- (a) such substitutions, additions, modifications and improvements shall not in any way damage the Mortgaged Property;

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(b) the Mortgaged Property as improved or altered upon completion of substitutions, additions, modifications and improvements made pursuant to this Article VII shall be of a value not less than the value of the Mortgaged Property immediately prior to the making of substitutions, additions, modifications and improvements;

(c) such substitutions, additions, modifications and improvements shall not in any way adversely impact any contract between the Health Institution and any Applicable Department for the provision of community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems; and

(d) the Health Institution shall give written notice of any proposed substitution to MBIA at least fifteen days prior to the effective date of such substitution.

The Health Institution shall have the privilege at its own cost and expense of making additions, modifications and improvements to the Improvements and the same shall be the property of the Health Institution and subject to the terms of this Agreement as part of the Improvements; provided, however, that after such additions, modifications and improvements, the Improvements shall continue to constitute "health facilities" within the meaning of the Act and that no such additions, modifications or improvements shall be made which would result in the facilities of the Health Institution, being used for any purpose prohibited by Section 9.2 hereof, which would result in a violation of the provisions of Section 9.7, which would violate or conflict with the terms of the approvals, certificates of exemption or findings of non-reviewability concerning such conditions, modifications or improvements or which would result in the Improvements or any portion thereof not being located on the real property subject to the mortgage lien granted hereunder. Notwithstanding any provision of this Section to the contrary, except as otherwise permitted by Section 9.8 hereof, the Health Institution shall not sell, substitute or dispose of the Improvements until all its Correlative Bonds are paid or provision for such payment has been made in accordance with Article IX of the Indenture. To the extent that any portion of the Mortgaged Property consists of Improvements, such portion shall be governed by the provisions of this paragraph.

Any property other than the Improvements (which may only be transferred in accordance with Section 9.8 hereof) for

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which a substitution or replacement may be made pursuant to this Section may be disposed of by the Health Institution in any manner and in the sole discretion of the Health Institution so long as such disposition would not result in a violation of Section 9.7 hereof.

Section 7.3. Taxes, Other Governmental Charges and Utility Charges. The Health Institution will pay during the term of this Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Mortgaged Property and any other property acquired by the Health Institution in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Mortgaged Property as well as all gas, water, steam, electricity, heat, power, telephone utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Mortgaged Property; provided that with respect to any governmental charges that may lawfully be paid in installments over a period of years, the Health Institution shall be obligated to pay only such installments as are required to be paid during the term hereof.

The Health Institution may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless, in the reasonable opinion of the Trustee, the Mortgaged Property shall be subject to loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly or secured by posting a bond with the Trustee in form satisfactory to the Trustee. The Authority at the expense of the Health Institution shall cooperate fully with the Health Institution in any such contest.

Section 7.4. Insurance. Throughout the term of this Agreement, the Health Institution shall keep its facilities including equipment continuously insured against the following risks, paying as the same become due and payable all premiums with respect thereto:

(a) Insurance against loss or damage to its facilities by fire, lightning, vandalism and malicious mischief, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State. Such insurance shall be in an amount not less than 90% of the full insurable replacement value of such facilities but any such

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1992-1993 Cook County Clerk's Office
Annual Report

The Clerk's Office is pleased to announce
the results of the 1992-1993 fiscal year.
The Office has achieved significant
accomplishments in the areas of
administration, public relations,
and financial management.

The Office has successfully completed
the 1992-1993 fiscal year with
a record of efficiency and
effectiveness. The Office has
maintained a high level of
service to the public and
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service to the public and
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administration, public relations,
and financial management.

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policy may have deductible clauses in such amounts as are customary for facilities of similar size and character within the State. The term "full insurable replacement value" for the purposes of this subsection and subsection (g) below shall mean the actual replacement cost of such facilities and equipment (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items), and shall be determined during 1988 (or by such later date which is not more than 120 days following the completion of the improvements as is agreed to in writing by MBIA), 1993 and 1998 by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case, selected and paid for by the Health Institution and approved by MBIA. A copy of such determination shall be delivered to the Authority, the Trustee and MBIA. Delivery of the initial determination shall be made prior to the first disbursement from the Acquisition Subaccount after the disbursement to the Expense Fund referred to in Section 3.1 hereof unless a later delivery date is consented to in writing by MBIA.

(b) Comprehensive general accident and public liability insurance (including coverage for all losses arising from the ownership or use of any vehicle) providing coverage limits (including deductible clauses) of not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State.

(c) Medical liability insurance protecting the Health Institution against claims arising from professional services rendered or performed at its health care facilities, with limits of not less than \$150,000 with respect to each claim and not less than \$400,000 in the aggregate for each year during the term of any existing policy or such lesser amounts as are approved in writing by MBIA.

(d) Fidelity insurance or bonds on those of its officers and employees who handle funds of the Health Institution, both in such amounts and to such extent as are customarily carried by organizations similar to the Health Institution and operating properties similar in size and character to the facilities of the Health Institution.

(e) Workmen's compensation insurance, disability benefits insurance and such other forms of insurance as the Health Institution is required by law to provide with respect to its facilities.

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County, at Chicago, Illinois, this _____ day of _____, 19____.

Clerk of Cook County

Notary Public

Notary Public

Notary Public

Notary Public

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COOK COUNTY CLERK'S OFFICE

(f) From and after the first disbursement from the Health Institution's Acquisition Subaccount after the initial disbursement therefrom to pay the cost of issuance of the Bonds, title insurance in an amount not less than the amount of the Loan showing that the Health Institution has good and marketable title to the Mortgaged Property, subject only to Permitted Encumbrances and mechanics' liens not of record, and that this Agreement constitutes a valid first mortgage lien on the Mortgaged Property, subject to Permitted Encumbrances. In the event that property other than the Improvements are subject to the lien hereof, such title insurance shall relate to such property until such time as the Improvements are substituted therefor at which point such title insurance shall be amended or a new title insurance policy shall be obtained relating to the Improvements.

(g) Upon execution of any construction, remodeling or renovation contract relating to any construction, remodeling or renovation portions of the Improvements and until the Completion Date, builders' risk insurance to the extent of the full insurable value of such portions of the Improvements.

The Health Institution shall deliver to the Trustee (i) at least 30 days prior to the expiration of any such policies evidence as to the renewal thereof, if then required by this Section, and the payment of all premiums then due with respect thereto, and (ii) promptly upon request by the Authority or the Trustee, but in any case within 90 days after the end of each calendar year, a certificate of an Authorized Representative of the Health Institution setting forth the particulars as to all insurance policies maintained by the Health Institution pursuant to this Section and certifying that such insurance policies are in full force and effect, that such policies comply with the provisions of this Section and that all premiums then due thereon have been paid.

If the certification required by the immediately preceding paragraph cannot be made by the Health Institution, the Health Institution shall employ, at its expense, an Insurance Consultant to review the insurance coverage required by this Section and to render to the Health Institution, the Authority and the Trustee a report as to the adequacy of such coverage and as to its recommendations, if any, for adjustments thereto. The insurance coverage provided by this Section may be reduced or otherwise adjusted by the Health Institution without the consent of the Authority or the Trustee, provided that all coverages

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after such reduction or other adjustment are certified by the Insurance Consultant to be adequate and customary for facilities of like size and type, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance and the effect of such terms and such cost upon the Health Institution's costs and charges for its services.

Anything herein to the contrary notwithstanding, the Authority may permit the Health Institution to become self-insured for all or any part of the foregoing requirements, other than the insurance carried pursuant to subparagraph (a) of the first paragraph of this Section unless agreed to in writing by MBIA and other than title insurance required to be obtained pursuant to subparagraph (f) of such first paragraph, if the Authority has received (i) a written evaluation with respect to such self-insurance program from a nationally recognized Insurance Consultant, and (ii) evidence satisfactory to it that reserves created by the Health Institution for such self-insurance program have been deposited and are being maintained with an independent corporate trustee. The Health Institution shall pay any fees charged by such nationally recognized Insurance Consultant and any expenses incurred by the Authority. The Authority's decision to permit the Health Institution to be self-insured shall be in the Authority's discretion, subject to the written consent of MBIA. The Health Institution's self-insurance existing on the date of execution of this Agreement may continue without evidence of compliance with the above requirements.

All policies maintained by the Health Institution pursuant to this Section shall be taken out and maintained in generally recognized, responsible insurance companies, which may include "captive" insurance companies, selected by the Health Institution and with respect to the insurance policies required by subsections (a) and (g) of this Section shall name the Authority, the Trustee, and the Health Institution as insureds as their respective interests may appear, provided that the Trustee shall also be named as a mortgagee under the terms of a standard Illinois mortgagee loss payable endorsement with respect to the insurance policies required by subsections (a), (f) and (g) of this Section and provided further that all insurance proceeds for losses, except for workmen's compensation, fidelity insurance, medical liability insurance, and public liability insurance, shall be paid directly to the Trustee. Such policies or certificates of insurance shall (i) provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least 10 days after written notice is sent to the Authority and the Trustee, and (ii) be satisfactory in all other respects to the Authority and the Trustee.

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IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County, at Chicago, Illinois, this _____ day of _____, 20__.

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COOK COUNTY CLERK'S OFFICE
100 NORTH LAUREL STREET
CHICAGO, ILLINOIS 60602
TEL: (773) 304-3000
WWW.COOKCOUNTYCLERK.COM

Section 7.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to subparagraph (a) and (g) of the first paragraph of Section 7.4 hereof shall be applied as provided in Section 8.1 hereof. The Net Proceeds of insurance carried pursuant to subparagraphs (b), (c) and (e) of the first paragraph of Section 7.4 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of the fidelity insurance carried pursuant to subparagraph (d) of the first paragraph of Section 7.4 hereof shall be held by the Health Institution to replace the funds lost. The Net Proceeds of the title insurance carried pursuant to subparagraph (f) of the first paragraph of Section 7.4 hereof shall be held by the Trustee to be applied either to the correction of the title defect giving rise to such Net Proceeds or to the redemption of the Correlative Bonds pursuant to Section 402 of the Indenture.

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 8.1. Damage and Destruction. Unless the Health Institution shall have exercised its option to prepay the Loan in full pursuant to Article 10.1 hereof, if the Mortgaged Property or the Improvements (to the extent they are not included in the Mortgaged Property) are destroyed or damaged by fire or other casualty, the Health Institution shall promptly give written notice thereof to the Trustee and the Authority. All Net Proceeds of insurance resulting from such claims for losses shall, at the option of the Health Institution, either be used to redeem Correlative Bonds or be held by the Trustee in a separate trust account, whereupon (i) the Health Institution will promptly repair, rebuild, or restore the property damaged or destroyed to substantially the same utility and condition as it existed prior to such damage or destruction, with such changes, alterations, and modifications (including the substitution and addition of other property provided that any other property substituted for damaged or destroyed Improvements must be suitable for operation as a health facility) as may be desired by the Health Institution and as will not impair the Health Institution's ability to operate the property in an efficient manner or the utility of the property or result in a violation of Sections 9.2 or 9.7 hereof, and (ii) the Trustee, upon receipt of a Consulting Architect's certificate that such payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration as the work progresses. Any balance of such Net Proceeds remaining after payment of all the costs of such repair,

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rebuilding, or restoration shall be transferred (i) in the case of Net Proceeds relating to Improvements, to the Bond Fund and applied, together with such additional moneys, if any, which shall be supplied by the Health Institution as are necessary in order that the amount so applied equals \$1,000 or any integral multiple thereof, to the redemption of Correlative Bonds on the next interest payment date and (ii) in the case of Net Proceeds relating to Mortgaged Property which does not consist of Improvements, to the Health Institution. In the event such Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding, or restoration, the Health Institution will nonetheless complete the work thereon and will pay any costs thereof in excess of the amount of said Net Proceeds. The Health Institution shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee or the Owners or any postponement, abatement, or diminution of the Loan Payments and other payments required to be made under Section 5.2 hereof.

Notwithstanding anything in this Section to the contrary, to the extent Mortgaged Property which does not consist of Improvements is damaged or destroyed and the outstanding principal amount of the Loan at such time does not exceed 80% of the fair market value of the remaining Mortgaged Property, as evidenced by an appraisal by a Member of the Appraisal Institute satisfactory to the Authority and the Trustee, the Health Institution shall not be required to repair or replace such property and shall be entitled to the Net Proceeds.

All Net Proceeds of insurance resulting from claims for losses may be used to redeem Correlative Bonds provided (i) all of the Correlative Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in Article 10.1 hereof or (ii) in the event that less than all of the Correlative Bonds are to be redeemed, the Health Institution shall deposit with the Trustee any moneys necessary to redeem Correlative Bonds in integral multiples of \$1,000, shall furnish to the Authority and the Trustee a Consulting Architect's certificate stating (a) that the property forming a part of the Mortgaged Property damaged or destroyed is not essential to the Health Institution's use or occupancy of the Mortgaged Property, (b) that the Mortgaged Property has been restored to a condition substantially equivalent to its utility and condition prior to the damage or destruction and (c) in the case of Improvements, that other improvements have been acquired which are suitable for operation as a "health facility" within the meaning of the Act, and, unless all the Health Institution's Correlative Bonds of all Series are to be redeemed, shall furnish to the Authority and the Trustee a certificate of the Health Institution to the effect that failure to repair, rebuild or

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restore the damaged or destroyed Property will not have an adverse impact on any contract between the Health Institution or the Guarantor and an Applicable Department unless MBIA and the Authority consent thereto in writing.

Section 8.2. Condemnation. Unless the Health Institution shall have exercised its option to prepay the Loan in full pursuant to Article 10.1 hereof, in the event that title to, or the temporary use of, the Mortgaged Property, the Improvements, or any part thereof shall be taken under the exercise of the power of eminent domain or sold under threat of condemnation, the Health Institution shall be obligated to continue to make the Loan Payments and other payments required to be made under Section 5.2 hereof. All of such Net Proceeds shall be paid to and held by the Trustee in a separate trust account, to be applied to one or more of the following purposes as shall be directed in writing by the Health Institution:

(a) The restoration of the Mortgaged Property or Improvements to substantially the same utility and condition as it existed prior to such condemnation.

(b) The acquisition, by construction or otherwise, of other improvements of the same utility provided that if such improvements are not located on the Mortgaged Property, the Health Institution shall execute an amendment to this Agreement extending the lien of the mortgage herein to such improvements and the land upon which such improvements are located, provided however that in the event of condemnation or sale under threat of condemnation of any part of the Improvements, the other improvements must be suitable for operation as a health facility within the meaning of the Act and such other improvements must be used only in such way as does not violate Section 9.2 or 9.7 hereof.

(c) The redemption of the Correlative Bonds, provided that such condemnation award or payment received in a sale transaction consummated under threat of condemnation may be applied for such redemption and payment only if (i) all Net Proceeds of such award or payment shall be so applied and (ii) all of the Correlative Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in Article 10.1 hereof or in the event that less than all of the Correlative Bonds are to be redeemed, the Health Institution shall deposit with the Trustee any moneys necessary to redeem Correlative Bonds in integral multiples of \$1,000 and

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The Board of Supervisors of Cook County, Illinois, has the honor to acknowledge the receipt of your letter of the 10th day of June, 1968, regarding the matter of the proposed amendment to the Charter of Cook County, Illinois, which would amend Article II, Section 1, of the Charter to provide for the election of a County Clerk by the voters of Cook County, Illinois.

The Board of Supervisors has considered your letter and the proposed amendment to the Charter of Cook County, Illinois, and has determined that the proposed amendment is not in the best interests of Cook County, Illinois, and therefore, it is recommended that the proposed amendment be rejected.

The Board of Supervisors has also considered the matter of the proposed amendment to the Charter of Cook County, Illinois, which would amend Article II, Section 1, of the Charter to provide for the election of a County Clerk by the voters of Cook County, Illinois, and has determined that the proposed amendment is not in the best interests of Cook County, Illinois, and therefore, it is recommended that the proposed amendment be rejected.

The Board of Supervisors has also considered the matter of the proposed amendment to the Charter of Cook County, Illinois, which would amend Article II, Section 1, of the Charter to provide for the election of a County Clerk by the voters of Cook County, Illinois, and has determined that the proposed amendment is not in the best interests of Cook County, Illinois, and therefore, it is recommended that the proposed amendment be rejected.

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shall furnish to the Authority and the Trustee a Consulting Architect's certificate stating (a) that the property forming a part of the Mortgaged Property taken by such condemnation proceedings or so sold is not essential to the Health Institution's use or occupancy of the Mortgaged Property, (b) that the Mortgaged Property has been restored to a utility and condition substantially equivalent to its utility and condition prior to the taking by such condemnation proceedings or such sale, or (c) in the case of condemnation or sale of Improvements, other improvements have been acquired which are suitable for operation as a health facility.

Notwithstanding anything in this Section to the contrary, to the extent Mortgaged Property which does not consist of Improvements is condemned or sold under threat of condemnation and the outstanding principal amount of the Loan at such time does not exceed 80% of the fair market value of the remaining Mortgaged Property, as evidenced by an appraisal by a Member of the Appraisal Institute satisfactory to the Authority and the Trustee, the Health Institution shall not be required to replace such Property and shall be entitled to the Net Proceeds.

In the event the Health Institution elects either of the options set forth in subparagraph (a) or (b) of the first paragraph of this Section, the Trustee, upon receipt of a Consulting Architect's certificate supervising such repair, rebuilding or restoration that payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such condemnation award or payment to payment of the costs of such restoration, acquisition, or construction, as the work progresses.

In the event the Health Institution elects either of the options set forth in subparagraphs (a) or (b) of the first paragraph of this Section, and the Net Proceeds received from such condemnation or sale are insufficient to pay in full the cost of restoring, acquiring, or constructing improvements of substantially the same utility as the Mortgaged Property prior to the taking, the Health Institution will nonetheless complete the work thereon and will pay any costs thereof in excess of such Net Proceeds. The Health Institution shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee, or the Owners or any postponement, abatement, or diminution of the Loan Payments and other payments required to be made under Section 5.2 hereof.

Unless the Health Institution has exercised its option to prepay the Loan in full pursuant to Article 10.1 hereof, within 90 days from the date of a final order in any eminent

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domain proceeding granting condemnation or after consummation of any sale under threat of condemnation, the Health Institution shall direct the Authority and the Trustee in writing which of the ways specified in this Section the Health Institution elects to have the Net Proceeds of the condemnation award or such payment applied. Any balance of the Net Proceeds of the award in such eminent domain proceedings or of such payment remaining after payment of all the costs of such restoration, acquisition, or construction shall be transferred (i) in the case of Net Proceeds relating to Improvements, to the Bond Fund and applied, together with such additional moneys, if any, which shall be supplied by the Health Institution as are necessary in order that the amounts so applied equal \$1,000 or any integral multiple thereof, to the redemption of Correlative Bonds on the next interest payment date and (ii) in the case of Net Proceeds relating to the Mortgaged Property which does not consist of Improvements, to the Health Institution.

The Authority shall cooperate fully with the Health Institution in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any part thereof. In no event will the Health Institution voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Mortgaged Property or any part thereof or any sale under threat of condemnation without the written consent of the Authority.

Section 8.3. Investment of Net Proceeds. Any Net Proceeds of insurance payments, condemnation awards or sales under threat of condemnation held by the Trustee pending restoration, repair or rebuilding shall be invested in Qualified Investments in the same manner as provided in Section 3.5 of the Indenture and shall be subject to the rebate requirements to the extent provided in the Indenture. Any earnings or profits on such investments shall be considered part of such Net Proceeds.

ARTICLE IX

DISCLAIMER OF WARRANTIES; USE OF THE IMPROVEMENTS; COVENANTS OF THE HEALTH INSTITUTION

Section 9.1. Disclaimer of Warranties. THE AUTHORITY, THE TRUSTEE AND MBIA MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE IMPROVEMENTS OR ANY PORTION THEREOF, OR ANY OTHER WARRANTY OR REPRESENTATION WITH RESPECT THERETO. In no event shall the Authority, the Trustee or MBIA be liable for any

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