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COOK COUNTY RECORDER

ILLINOIS HEALTH FACILITIES AUTHORITY

AND

COMMUNITY SUPPORT SERVICES, INC.

LOAN AGREEMENT AND MORTGAGE  
INCLUDING ASSIGNMENT TO  
AMERICAN NATIONAL BANK AND TRUST COMPANY  
OF CHICAGO, AS TRUSTEE

Dated as of September 1, 1990

Illinois Health Facilities Authority  
Revenue Bonds, Series 1990A  
(Community Provider Pooled Loan Program)

Illinois Health Facilities Authority  
Taxable Revenue Bonds, Series 1990B  
(Community Provider Pooled Loan Program)

This is a security agreement with respect to certain accounts and other property as well as a mortgage on real estate and other property. The rights of the Illinois Health Facilities Authority hereunder have been assigned to American National Bank and Trust Company of Chicago, 33 North LaSalle Street, Chicago, Illinois, 60690, as Trustee under a Trust Indenture dated as of September 1, 1990, from the Illinois Health Facilities Authority. See Section 11.1 herein.

This instrument was prepared by  
and after recording return to:

Lynn Leland Coe  
F. Henry Kleschen III  
Chapman and Cutler  
111 West Monroe Street  
Chicago, Illinois 60603

Address of the Premises:

9021 Ogden Avenue  
Brookfield, Illinois  
60513

P.I.N. Nos.

18-03-217-060  
18-03-217-061

THE NAME AND ADDRESS ARE SHOWN FOR  
ADMINISTRATIVE CONVENIENCE AND ARE  
NOT PART OF TITLE COVERAGE  
COMMUNITY SUPPORT SERVICES  
9021 W. Ogden, Ave., Brookfield  
N24-19689-14/258979

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## LOAN AGREEMENT AND MORTGAGE

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LOAN AGREEMENT AND MORTGAGE

This Loan Agreement and Mortgage (the "Agreement") dated as of September 1, 1990, and entered into between the Illinois Health Facilities Authority (the "Authority"), a body politic and corporate constituting a public instrumentality of the State of Illinois, and Community Support Services, Inc. (the "Health Institution"), a not for profit corporation organized and existing under the laws of the State of Illinois;

W I T N E S S E T H:

WHEREAS, pursuant to its powers under the Act (as defined herein), the Authority desires to loan to the Health Institution the amount necessary to enable the Health Institution to finance, refinance and/or be reimbursed for, all or a portion of the cost of acquiring, constructing, remodeling, renovating and/or equipping the Improvements, as hereinafter defined, and the Health Institution desires to borrow such amount from the Authority, subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, the Health Institution has taken all requisite action and is otherwise authorized under its articles of incorporation and bylaws to enter into this Agreement for the purposes set forth herein; and

WHEREAS, the Health Institution has submitted to the Authority, the Trustee (as defined herein) and the Insurer (as defined herein) the documents required by the Trustee, the Authority and the Insurer to be delivered as a condition to entering into this Agreement;

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Accountant" or "Accountants" means a certified public accountant or a firm of certified public accountants selected by the Health Institution to whom neither the Trustee, the Insurer nor the Authority objects or any financial experts approved by the Insurer and to whom neither the Authority nor the Trustee objects.

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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.

"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 Department with which a Health Institution or its Guarantor 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 Department, the Department which is the party to the contract in question.

"Appraisal" or "appraisal" means, unless consented to in writing by the Insurer with respect to a particular appraisal, an appraisal of fair market value applying cost, income and market data valuation methodologies (but no value-in-use considerations) performed by a Member of the Appraisal Institute.

"Arbitrage Certificate" means the certificate with that caption required to be executed in connection with the issuance of the Series A Bonds by the Health Institution if it has listed any loans on Exhibit F hereto which certificate contains certain representations, warranties and covenants intended to establish and preserve the exemption of interest on the Series A Bonds from federal income taxation, which is attached hereto as Exhibit L.

"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 (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.

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

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

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

"Buildings" means all buildings, structures, improvements and appurtenances of every kind and description now or hereafter constructed or placed on the Land or Leased Land.

"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 and B Bonds.

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

"Collateral" means the items listed as such in Section 5.1 hereof.

"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, the Trustee or the Insurer.

"Correlative Bonds" means, with respect to the Health Institution, its Correlative Series A Bonds and its Correlative Series B Bonds.

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"Correlative Series A Bonds" means, with respect to the Health Institution, the amount of Series A Bonds of each maturity and interest rate listed on Exhibit C hereto less the principal amount of Series A Bonds of such maturity and interest rate which have been paid or redeemed, or with respect to which provision for payment has been made in accordance herewith and with the Indenture rendering such Bonds no longer "outstanding" within the meaning of the Indenture, in each case with the proceeds of amounts repaid by the Health Institution on its Loan.

"Correlative Series B Bonds" means, with respect to the Health Institution, the amount of Series B Bonds of each maturity listed on Exhibit C hereto less the principal amount of Series B Bonds of such maturity which have been paid or redeemed, or with respect to which provision for payment has been made in accordance herewith and with the Indenture rendering such Bonds no longer "outstanding" within the meaning of the Indenture, in each case with the proceeds of amounts repaid by the Health Institution on its Loan.

"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.

"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 and their respective successors.

"Environmental Laws" means any and all federal, state or local environmental laws, regulations, rules, ordinances, orders or directives.

"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 the Insurer pursuant to the terms of a custody agreement, and which evidences are consented to in writing by the Authority and the Insurer.

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"Gross Proceeds" means (a) the proceeds of the Bonds, (b) all amounts in the funds and accounts created with respect to the Bonds (except the Rebate Fund), (c) amounts accumulated which are pledged or the use of which is legally required to be or is otherwise restricted to the payment, directly or indirectly, of (i) principal or interest on the Bonds, (ii) any obligation of any Health Institution under any Agreement or (iii) any obligation under any credit enhancement or liquidity device relating to any of the foregoing (regardless of where held or the source thereof) and (d) amounts derived from the investment or reinvestment of amounts described above.

"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 the Insurer and the Authority guaranteeing payment of amounts payable hereunder.

"Hazardous Material" means: (a) any substances defined as "hazardous substances," "pollutants," "contaminants," "hazardous materials," "hazardous wastes," or "hazardous or toxic substances" or related materials as now or hereafter defined in any Environmental Law, including without limitation the Resource Conservation and Recovery Act of 1976 as amended by the Hazardous and Solid Waste Amendments of 1994, 42 U.S.C. §§ 6901 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq. and the Clean Air Act, 42 U.S.C. §§ 7412 et seq., as any such acts may be amended, modified or supplemented; (b) those substances listed or otherwise identified as substances of the type referred to in Subsection (a) above in the regulations adopted and publications issued pursuant to any of the above referenced statutes, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere, respectively, where the Improvements and the Mortgaged Property are located, or any substance or material containing asbestos; (d) those substances listed or identified as medical waste in the Medical Waste Tracking Act 42 U.S.C. Section 6992 et seq.; and (e) any substance the presence of which on the Mortgaged Property is prohibited by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in the ordinary operation of the Health Institution or for the cleaning of the facilities of the Health Institution.

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"Health Institution" means the not for profit corporation defined to be the Health Institution on the first page hereof which is 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 September 1, 1990, between the Authority and the Trustee, as amended and supplemented from time to time, pursuant to which the Bonds are issued.

"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 the Insurer.

"Insurer" means Capital Guaranty Insurance Company, a Maryland corporation, or any successor thereto.

"Land" means the real property, if any, described under the caption "Land" in Exhibit A hereto which is subject to the Lien hereof and any additional real property which is made subject to the Lien hereof unless released from such Lien pursuant to the provisions hereof.

"Lease" means that certain lease or leases, if any, described in Exhibit A hereto under the caption "Lease", as amended from time to time.

"Leased Land" means the real property, if any, described in Exhibit A hereto under the caption "Lease".

"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.

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"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 the rights of the lessor under 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 the Bonds pursuant to this Agreement as set forth in Section 3.1 hereof. The portion of the Loan made from the proceeds of the respective series of Bonds is specified in Exhibit H hereto.

"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.

"Maximum Annual Debt Service" means the maximum principal and interest payable by the Health Institution on its Loan during the current or any subsequent annual period ending August 15.

"Mortgaged Property" means the real property and related personal property rights and other items subjected to the Lien hereof by and as further defined in Section 5.1 hereof, which includes without limitation the Health Institution's Land and Leases.

"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 and court costs including without limitation such costs for post judgment and appellate proceedings) incurred in the collection of such claim or award or in such sale.

"Outstanding Principal Amount of the Health Institution's Loan" means the actual outstanding principal amount of the Health Institution's Loan, as of the applicable or relevant calculation or comparison date.

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

"Permitted Encumbrance" means this Agreement, the Indenture and any Regulatory Agreement and, as of any particular time, any of the following:

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

(b) purchase money security interests in Personal Property granted subsequent to the date of the first disbursement from the Health Institution's Acquisition Subaccount after the transfer to the Expense Fund from the Program Fund referred to in Section 3.1 hereof;

(c) (i) all leaseholds under which the Health Institution is lessor which in the aggregate do not materially impair the use of the property involved for its intended purpose and which do not reduce the value of the property involved which leaseholds are established pursuant to leases upon fair and reasonable terms no less favorable to the Health Institution than would obtain in a comparable arm's length transaction; (ii) Capitalized Leases constituting a part of the Mortgaged Property with a minimum term no less than five years longer than the final maturity of any Bond, or such shorter period as is consented to in writing by the Authority and the Insurer, which leases also satisfy the requirements of subsection (iii) of this paragraph (c) if the Improvements are a part of the Mortgaged Property; (iii) leases of the real property on or with respect to which the Improvements are made which extend for a term ending subsequent to the useful life of the Improvements, which leases also satisfy the requirements of subsection (ii) of this paragraph (c) if the Improvements are part of the Mortgaged Property, and (iv) any leases, licenses or similar rights to use property whereunder the Health Institution is lessee, licensee or the equivalent thereof;

(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 property involved or materially reduce the value thereof;

(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;

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(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 participate in any funds established to cover any insurance risks or in connection with worker's compensation or unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits thereof 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 Refunding 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 property involved or to use the property involved 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 property involved 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

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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;

(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 recoupment 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 the Insurer;

(p) any Lien securing indebtedness which is to be refinanced with the proceeds of the Bonds, which

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refinancing will immediately result in a discharge of such Lien;

(q) Liens on Pledged Accounts generated under State Contracts which Liens are subordinate to the Lien hereof thereon (on terms no less favorable to the mortgagees and pledgees hereunder than the terms set forth in Exhibit J hereto) if: (i) during the immediately preceding annual period ending June 30, the amounts received under other State Contracts with the Departments were at least 4.4 times greater than the Maximum Annual Debt Service of the Health Institution; (ii) the amounts referred to in Subsection (i) constituted the proceeds of Pledged Accounts; (iii) the Pledged Accounts generated under the State Contracts referred to in Subsection (i) and the proceeds thereof were not subject to any such subordinate Liens or any Liens on a parity with or superior to the Lien hereof thereon and (iv) the Pledged Accounts generated under the State Contracts referred to in Subsection (i) and the proceeds thereof are not subject to any such subordinate, parity or superior Lien during the current annual period commencing with the July 1 immediately succeeding the June 30 referred to above; it being understood that this Subsection is intended to require the annual maintenance of Pledged Accounts subject only to the Lien hereof in an amount not less than 4.4 times such Maximum Annual Debt Service but to permit Pledged Accounts subject to the Lien hereof in an annual amount between 4.4 times and 7.7 times such Maximum Annual Debt Service to also be subject to subordinate Liens;

(r) Liens on Pledged Accounts generated under State Contracts which Liens are superior to the Lien hereof thereon if: (i) the conditions contained in Subsection (q) above could be met if such Lien were a subordinate Lien; (ii) during the immediately preceding annual period ending June 30, the amounts received under other State Contracts were at least 7.7 times greater than the Maximum Annual Debt Service of the Health Institution, (iii) the amounts referred to in Subsection (ii) constituted the proceeds of Pledged Accounts; (iv) the Pledged Accounts generated under the contracts referred to in Subsection (ii) and the proceeds thereof were subject to only such subordinate Liens as would be permitted by Subsection (q) above and (v) the Pledged Accounts generated under the State Contracts referred to in Subsection (ii) and the proceeds thereof are subject to only such subordinate Liens as would be permitted under Subsection (q) during

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the current annual period commencing with the July 1 immediately succeeding the June 30 referred to above; it being understood that this Subsection is intended to permit Pledged Accounts in an annual amount exceeding 7.7 times such Maximum Annual Debt Service to be subject to Liens superior to the Lien hereof provided that it is further understood that accounts receivable and the proceeds thereof which would otherwise constitute Pledged Accounts, in an amount in excess of 7.7 times such Maximum Annual Debt Service may also, pursuant to Section 5.1 hereof in certain circumstances, be removed from the category of Pledged Accounts and thereby be released from the Lien hereof thereon;

(s) Liens on the Mortgaged Property subordinate to the Lien hereof (on terms no less favorable to the mortgagees and pledgees hereunder than the terms set forth in Exhibit J hereto): (A) if such subordinate Lien is imposed on or prior to the first disbursement after the transfer to the Expense Fund from the Program Fund referred to in Section 3.1 hereof, if at the time of the imposition of each such proposed subordinate Lien the Principal Amount of the Health Institution's Loan and the principal amount of all other indebtedness for money borrowed, credit extended or the equivalent thereof then outstanding secured by Liens on the Mortgaged Property including the subordinate Lien then proposed to be imposed does not exceed 100% of the appraised value of such Mortgaged Property (excluding for this purpose any value attributable to any portion of the Mortgaged Property described in Subsection 5.1(a)(vi) through (x) hereof) as established by the appraisal or letter and appraisal referred to in Subsection (viii) of the second paragraph of Section 6.2 hereof or (B) if such subordinate Lien is imposed subsequent to such first disbursement, if at the time of the imposition of each such proposed subordinate Lien such principal amount of such Indebtedness so secured does not exceed such percent of such appraised value as established by a new appraisal satisfactory to the Insurer certified to the Trustee and the Insurer as of a date no earlier than sixty (60) days before the granting of each such subordinate Lien; and

(t) any other Lien consented to in writing by the Insurer which is listed on Exhibit B.

"Person" means a natural person, firm, joint venture, association, partnership, business trust, corporation, public

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body, agency or political subdivision thereof or any other similar entity.

"Personal Property" means (i) any and all sums at any time on deposit for the benefit of the Authority or held by the Authority (whether deposited by or on behalf of the Health Institution or any other Person) pursuant to any of the provisions of this Agreement, (ii) any personal property subjected to the Lien hereof in Section 5.1 hereof, which personal property may not be deemed to be affixed to the Land, Leased Land or Buildings or may not constitute a fixture within the meaning of Section 9-313 of the U.C.C., and (iii) all replacements of, substitutions for, additions to and proceeds of such personal property.

"Pledged Accounts" means the rights to receive all receipts, revenues and income from the Health Institution's and its Guarantor's contracts with the Departments for the provision of community-based services to the mentally ill, developmentally disabled or those with alcoholism or substance abuse problems relating in whole or in part to the services provided in, at or with the Mortgaged Property except to the extent that such contract has been listed on Exhibit K hereto pursuant to Section 5.1 hereof.

"Pledged Leases" means all leases or agreements, now existing or arising hereafter, relating to the Mortgaged Property or any portion thereof.

"Principal Amount of the Health Institution's Loan" means an amount equal to: (i) the Outstanding Principal Amount of the Health Institution's Loan, plus (ii) if the amount referred to in Subsection (i) is greater than zero, 75% of the Health Institution's Share of the Series A Reserve Fund plus 75% of the Health Institution's Share of the Series B Reserve Fund, both calculated on the basis of the original respective amounts deposited in such Reserve Funds.

"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, (iii) any Person who enjoys a 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, or (iv) any Person heretofore, now or hereafter, related (within the meaning of Section 14(a)(3) of the Code whether through stock ownership, ownership of partnership interest, membership in a controlled group of corporations, control of a tax-exempt corporation, interest in a

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trust, family relationship or otherwise) to a Person described in (i), (ii) or (iii) above.

"Private User" means, with respect to any Improvements of a Health Institution, any Person including such Health Institution if such Person is not a Tax-Exempt Organization engaged solely and exclusively in an activity with respect to such Improvements (i) that does not constitute an Unrelated Trade or Business of such Tax-Exempt Organization and (ii) would not constitute an Unrelated Trade or Business of the Health Institution in question if carried on by such Health Institution.

"Program" means the Community Provider Pooled Loan Program of the Authority established by the Indenture of which the Loan is a part which may provide for the issuance of additional series of bonds pursuant to and secured by an indenture entered into subsequent to the date of the Indenture which additional series of bonds would not be secured by the security for the Bonds although such additional series of bonds may be entitled to the benefit of bond insurance from the Insurer provided pursuant to a policy separate and apart from the Bond Insurance Policy.

"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 Bonds, a fraction the numerator of which is the Outstanding Principal Amount of the Health Institution's Loan made with Series A Bond proceeds and the denominator of which is the Outstanding Principal Amount of all Health Institution's Loans under the Program made with Series A Bond proceeds; and

(b) with respect to the Series B Bonds, a fraction the numerator of which is the Outstanding Principal Amount of the Health Institution's Loan made with Series B Bond proceeds and the denominator of which is the Outstanding Principal Amount of all Health Institution's Loans under the Program made with Series B Bond proceeds

"Pro Rata Share of Expenses" means the share of Program Expenses (which may include costs of issuance of the Bonds pursuant to the Program which are not paid from the proceeds of the Series A or B Bonds or the bonds subsequently issued pursuant to the Program) for which the Health Institution is responsible during any calculation period, which amount shall be determined

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by multiplying such expenses by a fraction, the numerator of which is the Outstanding Principal Amount of the Health Institution's Loan on or as of the date of calculation and the denominator of which is the outstanding principal amount of all Loans under the Program on such date.

"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 during the period covered by 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 Bonds during the period covered by the calculation, which share shall be determined by applying a ratio, the numerator of which is the Outstanding Principal Amount of the Health Institution's Loan (excluding any portion of the Loan made with Series B Bond proceeds) plus the amount of principal repaid or prepaid on such Loan (excluding any portion of the Loan made with Series B Bond proceeds) since the latest of the date of issue of the Series A Bonds, August 15, 1995, August 15, 2000 or August 15, 2005 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 B Bond proceeds) plus the amount of principal repaid or prepaid on all Loans (excluding any portion of the Loans made with Series B Bond proceeds) since the latest of the date of issue of the Series A Bonds, August 15, 1995, August 15, 2000 or August 15, 2005 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.

"Qualified Investments" means investment 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 the Insurer 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; provided that investment in any such obligation or security with respect to which the consent of the Insurer is required by any provision of this definition does not have an adverse impact on any rating then assigned to any of the Bonds by any rating agency:

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

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

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

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

(e) 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 (other than stripped mortgage securities which are valued at an amount greater than the unpaid principal amount thereof) or senior debt obligations;

(iii) Investment agreements consented to in writing by the Insurer and the Authority: (A) with any bank

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(including the Trustee), trust company or savings and loan association if all of the direct, unsecured debt obligations of such bank, trust company or savings and loan association at the time of entry into each such contract which are rated by Standard & Poor's Corporation are rated in one of its two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or (B) with any non-bank financial institution all of the unsecured, direct long-term debt of which non-bank financial institution which is rated by Standard & Poor's Corporation is rated in one of its two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature or, if such non-bank financial institution has no outstanding long-term debt which is rated, all of the short-term debt of which is rated by Standard & Poor's Corporation is rated in its highest rating category (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned to short-term indebtedness by such rating agencies; and

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

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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 not less than 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 not less than 100% of such purchase price excluding such interest.

In the case of any Government Obligations or indebtedness referred to in (i) or (ii) above which constitute book entry securities, such securities must be held in a trust account with a Federal Reserve Bank branch or with a clearing corporation or chain of clearing corporations which has an account with a Federal Reserve Bank branch.

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

"Regulations" means U.S. Treasury Regulations (including proposed and temporary 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, 1.103-15AT, 1.148-0T through 1.148-9T, 1.149(d)-1T, 1.150-0T and 1.150-1T.

"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 and 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 Bonds from federal income taxation to which such Bonds would otherwise be entitled.

"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.

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"Rents" means all rents, deposits and other income or proceeds at any time due from any person under any Pledged Lease.

"Series A Bonds" means the "Illinois Health Facilities Authority Revenue Bonds, Series 1990A (Community Provider Pooled Loan Program)" to be authenticated and delivered pursuant to Article II of the Indenture.

"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 \$2,631,000 reduced 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 Bonds from federal income taxation to which such Bonds would otherwise be entitled.

"Series B Bonds" means the "Illinois Health Facilities Authority Taxable Revenue Bonds, Series 1990B (Community Provider Pooled Loan Program)" to be authenticated and delivered pursuant to Article II of the Indenture.

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

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

"Series B Reserve Fund Requirement" means an amount equal to \$108,000.

"Share of the Series A Reserve Fund" so long as the Health Institution has an outstanding Loan which has not been paid or prepaid in full, means an amount of money held in the Series A Reserve Fund equal to the original Series A Reserve Fund Requirement multiplied by a fraction, the numerator of which is the original principal amount of the Loan to such Health Institution made with Series A Bond proceeds and the denominator of which is the original principal amount of all Loans under the Program made with Series A Bond proceeds and, after the Health Institution's Loan has been paid or prepaid in full, means zero.

"Share of the Series B Reserve Fund" so long as the Health Institution has an outstanding Loan which has not been paid or prepaid in full, means an amount of moneys held in the Series B Reserve Fund equal to the original Series B Reserve Fund Requirement multiplied by a fraction, the numerator of which is the original principal amount of the Loan to such Health Institution made with Series B Bond proceeds and the denominator

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of which is the original principal amount of all Loans under the Program made with Series B Bond proceeds and, after the Health Institution's Loan has been paid or prepaid in full, means zero.

"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 utilizing the Mortgaged Property, in whole or in part, between the Health Institution or the Guarantor and a Department.

"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.

"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.

"U.C.C." means the Uniform Commercial Code, as amended, of the State.

"Underwriters" means Donaldson, Lufkin & Jenrette Securities Corporation and Kirchner Moore, a Division of George K. Baum & Company.

"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.

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"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 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.

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 indicates otherwise.

## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND RELATED 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, the Insurer 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;

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(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.

(b) Full Disclosure. There is no fact that the Health Institution has not specifically disclosed to the Authority and the Insurer 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 and warranties of the Health Institution in this Agreement and any other written statement furnished by the Health Institution to the Authority or the Insurer, 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 the Insurer 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.

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(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 the Insurer, 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 would adversely affect 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.

(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.

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(e) **No Defaults.** No event has occurred and no condition exists that constitutes or, 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 the Insurer 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 Consents.** 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 or the payment by each Applicable Department for services rendered utilizing the Mortgaged Property, 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 or the payment by each Applicable Department for services rendered utilizing the Mortgaged Property; 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 Department which is applicable thereto. No consent,

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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 or the performance of its obligations hereunder or under any State Contract.

(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.

(h) Compliance with Law The Health Institution:

(1) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject or which are applicable to its properties (including without limitation the Improvements and the Mortgaged Property) or the use or operation thereof, or to the Health Institution's 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 properties (including without limitation the Improvements and the Mortgaged Property) or the use or operation thereof, or to the conduct by the Health Institution 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

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Health Institution to own its properties (including without limitation the Improvements and the Mortgaged Property) or the use or operation thereof, 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, (iii) the condition (financial or otherwise) of the Health Institution, (iv) the ability of the Health Institution to enter into this Agreement or to perform its obligations hereunder or (v) the use or value of the Improvements or the Mortgaged Property.

(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 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 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 Bonds. The proceeds of such indebtedness were applied to pay the costs described in such Project Certificate. 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 immediately preceded the fiscal year of the Health Institution during which the Health Institution executed its Loan Application.

(2) The proceeds of the Series B Bonds which are loaned to the Health Institution will be used to pay a portion of the costs of issuing the Series A and B Bonds and to fund the Series B Reserve Fund.

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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 F, 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 will not, at 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 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 the Insurer, the Health Institution has deposited with the Trustee prior to the Closing cash or certificates of deposit in the amount requested by the Insurer.

(k) **Incorporation by Reference.** The representations and warranties contained in the Health Institution's Project Certificate and in Exhibit E are

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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 and the Mortgaged Property, it has caused the operator or prospective operator thereof, which in the case of the Mortgaged Property is the party to the State Contract or State Contracts pertaining to services to be provided utilizing the Mortgaged Property, 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. Prior to the initial disbursement of moneys from the Health Institution's Acquisition Subaccount created under the Indenture, such Regulatory Agreement will be recorded in the real property records where a mortgage with respect to any portion of the Improvements which are real property would be recorded

(n) **Loan to a Corporation.** The Health Institution warrants and represents that the proceeds of the Loan will be used for the purposes specified in Ill. Rev. Stat. ch. 17, § 6404(a), and that the principal obligation secured hereby constitutes a "loan to a corporation" coming within the definition and purview of said section.

(o) **Hazardous Material.** Except as described in writing delivered to the Insurer and the Authority, neither the Health Institution nor any other Person has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof. The Mortgaged Property does not contain any underground storage tanks and has never been used by the Health Institution or by any other Person as a temporary or permanent storage or disposal site for any Hazardous Material. The Health Institution has delivered to the Authority and the Insurer all environmental reports, studies, audits and other data and information in the possession or control of the Health Institution relating to the Mortgaged Property. The Health Institution has delivered to the Authority a complete and correct disclosure document if required under the Illinois Responsible Property Transfer Act of 1988,

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Ill. Rev. Stat. ch. 30, §§ 901 et seq. If such a disclosure statement has been completed and delivered, the Health Institution agrees to cause the completed disclosure document to be timely recorded in the office of the recorder of deeds or, if applicable, in the office of the registrar of titles, or, if applicable, in both such offices, in the county or counties in which the Mortgaged Property is located and to be filed with the Illinois Environmental Protection Agency. The Health Institution shall pay all costs associated with such recording and filing and shall provide satisfactory evidence of such recording and filing to the Authority within thirty (30) days after the date hereof. If such a disclosure statement has not been so completed and delivered, the Health Institution hereby represents that no such disclosure document is required to be prepared by such Act.

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 H hereto, a portion of which shall be deposited and applied as described in such Exhibit. The Health Institution hereby acknowledges and agrees that the amount set forth on Exhibit H to be transferred shall be immediately transferred from the Health Institution's Acquisition Subaccount of the Program Fund and deposited in the Expense Fund.

The Health Institution hereby further acknowledges and agrees that such amounts transferred into the Expense Fund and the amounts deposited in the Series B Expense Fund from amounts loaned to the Health Institution shall be requisitioned by the Authority to pay the costs of issuing the Health Institution's Correlative Series A and B Bonds, Series A Bonds in a principal amount equal to the Health Institution's initial Pro Rata Share of the Series A Reserve Fund, Series B Bonds in a principal amount equal to the Health Institution's initial Pro Rata Share of the Series B Reserve Fund 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.

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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 timely payment of the Loan Payments as provided herein and all other payment obligations hereunder and to secure the timely performance and observance by the Health Institution of all the covenants expressed or implied by this Agreement, the Health Institution does hereby give, assign, grant, bargain, sell, transfer, pledge, secure, convey, confirm, mortgage and warrant to the Authority, its successors and assigns forever, and does grant a security interest thereunto forever in, the following (the "Collateral"):

(a) The Land and the Lease, together with the leasehold estate created thereby, as described in Exhibit A hereto (which, together with the property described in the succeeding portions of this subsection (a) are hereinafter collectively referred to as the "Mortgaged Property"), together with: (i) the entire interest of the Health Institution (whether now owned or hereafter acquired) in and to the real property described in Exhibit A, all right, title and interest of the Health Institution in and to the ways, streets, sidewalks, curbs, avenues and alleys adjoining the Land and the Leased Land and all bridges thereover and tunnels thereunder, including without limitation any after-acquired title or reversion therein, and all and singular the tenements, hereditaments, easements, rights of way, appurtenances, passages, waters, water courses, riparian rights, other rights, liberties and privileges thereof or in any way now or hereafter appertaining to said Land and Leased Land, including without limitation any other claim at law or in equity as well as any after-acquired title, franchise or license and the reversion or reversions and remainder or remainders thereof; (ii) the Buildings; (iii) unless the Insurer agrees in writing in connection with the issuance of the Bonds that the same need not be subjected to the Lien hereof, all articles of personal property

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used in connection with the management, maintenance or operation of the Buildings and located on the Land or the Leased Land, including without limitation all furniture, furnishings, equipment, apparatus, motors, elevators, fittings, screens, awnings, partitions, carpeting, curtains, draperies and related hardware; (iv) all fixtures now or hereafter owned by the Health Institution and attached to or forming a part of or used in connection with the Land, Leased Land or Buildings and all plumbing, electrical, heating, lighting, ventilating, refrigerating, incineration, air-conditioning and sprinkler equipment, systems and conduits (including without limitation all furnaces, boilers, plants, units, condensers, compressors, ducts, dynamos, apparatus and hot-and-cold water equipment and systems) located on the Land or the Leased Land and all renewals or replacements thereto or articles in substitution therefor, in all cases whether or not the same are or shall be attached in any manner to said Land, Leased Land or Buildings in any manner, it being mutually agreed that all of the aforesaid property owned by the Health Institution and placed on the Land or Leased Land shall, so far as permitted by law, be deemed to be fixtures, a part of the Land or Leased Land, and security for the indebtedness hereby secured; 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 Land, Leased Land or Buildings shall not be deemed to be fixtures unless such equipment cannot be removed and the Land, Leased Land and Buildings restored without material damage thereto; provided that, notwithstanding the agreement and declaration hereinabove expressed that certain articles of property (x) form a part of the Land, Leased Land or Buildings covered by this Agreement and (y) are appropriated to their use and deemed to be fixtures, it is hereby agreed and declared further that to the extent that such agreement and declaration may not be effective and that any of said articles may constitute goods (as said term is used in the U.C.C.), this Agreement shall constitute a security agreement creating a security interest in such goods, as collateral, in the Authority as a secured party, all in accordance with said U.C.C.; (v) the Pledged Leases, all rents, receipts, revenues, issues, profits, proceeds and cash collateral, royalties, income and other benefits accruing to and to accrue from the Pledged Leases and the other property described in this Section 5.1(a) and all remainders, reversions, leasehold estates, right, title and interest of the Health Institution in and to the Pledged Leases now or hereafter existing or entered into, and all right, title and interest of the Health Institution thereunder, including without limitation all cash or security deposits, advance rentals and deposits or payments of similar nature; (vi) all proceeds of any insurance policies covering the property described in this Section 5.1(a), including without limitation the right to receive

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And apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to such property; (vii) all the estate, interest, right, title and other claim or demand which the Health Institution now has or may hereafter acquire against anyone with respect to any damage to all or any part of the property described in this Section 5.1(a), including without limitation damage arising out of any defect in or with respect to the design or construction of all or any part of the Buildings and any damage resulting therefrom, as provided in this Agreement; (viii) all deposits or other security or advance payments, including rental payments made by or on behalf of the Health Institution to others, with respect to the Lease; (ix) all awards and other compensation heretofore or hereafter to be made to the present and all subsequent owners of the property described in this Section 5.1(a) for any taking by eminent domain, either permanent or temporary, of all or any part of such property, including without limitation severance and consequential damage and change in grade of streets, which said awards and compensation are hereby assigned to the Authority as provided in this Agreement; and (x) to the extent the proceeds of any Bonds are to be applied to pay the costs thereof or otherwise finance or refinance the cost thereof, all materials intended for construction, reconstruction, alteration and repair of the Buildings, all of which materials shall be deemed to be included within the Buildings immediately upon the delivery of such materials to the Land or the Leased Land; all of the foregoing Mortgaged Property subject to Permitted Encumbrances; and

(b) to the extent permitted by law, the Pledged Accounts, subject to Permitted Encumbrances; and

(c) to the extent permitted by law, all of the Health Institution's right, title and interest in and to the State Contracts; and

(d) all of the Health Institution's right, title and interest, if any, in and to the Funds and in and to any other trust accounts referred to in this Agreement or in the Indenture; and

(e) to the extent permitted by law, all drawings, plans and specifications, including without limitation the plans and specifications described in Section 6.5 of this Agreement, and all permits, licenses and certificates relating to the Land, Leased Land and Buildings; and

(f) all of the Health Institution's right, title and interest in and to the surety bonds described in Section 6.6 of this Agreement; and

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(g) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Health Institution or anyone on its behalf to the Authority; it being agreed that the Health Institution shall cause Exhibit I hereto to be amended to reflect the nature of such other property and the method by which it has become subject to the Lien hereof as soon as reasonably possible after such other property is subjected to such Lien; and

(h) all proceeds of any of the foregoing.

This pledge shall be valid and binding from and after the date of the first delivery of any of the Bonds. To the extent that any property covered by this Agreement consists of sums on deposit, 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 and the Authority shall have all rights and remedies permitted under the U.C.C. and applicable laws with respect thereto. To the extent proceeds of the Bonds are applied to pay the costs of Improvements located on the Mortgaged Property or to acquire real property included within the Mortgaged Property, this Agreement constitutes a "construction mortgage" within the meaning of Section 9-313(1)(c) of the U.C.C. The Health Institution hereby releases and waives, to the extent permitted by law, all rights under and by virtue of the homestead exemption laws of the State.

Provided, nevertheless, this mortgage and grant of security interest is upon the express condition that if the Health Institution shall pay or cause to be paid in full when due the indebtedness and other amounts hereby secured and shall duly and timely keep, perform and observe all and singular the terms, provisions, covenants and agreements herein provided to be kept, performed and observed by the Health Institution, then this Agreement and the estate, right and interest of the Authority hereunder in the Collateral shall cease, determine and become void and of no effect, otherwise to remain in full force and effect.

The Health Institution hereby assigns to the Authority, its successors and assigns, forever, all of its right, title and interest in and to the Pledged Leases and all Rents under any Pledged Lease, together with the right to collect and receive any or all such Rents; provided, however, that the Authority agrees not to exercise its rights under this paragraph unless an Event of Default has occurred and is continuing. No assignment of the Pledged Leases or any thereof shall place the responsibility for the control, care, management or repair of all or any part of the

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Mortgaged Property upon the Authority, nor shall any such assignment make the Authority liable for any negligence in the management, operation, upkeep, repair or control of all or any part of the Mortgaged Property resulting in injury, death or property damage. The Health Institution shall not, without obtaining the prior written consent of the Authority and the Insurer, further assign any Pledged Leases or Rents or any part thereof.

Reference is made to Section 9.4(b) hereof. There may be listed on Exhibit K hereto any State Contract so long as the Insurer consents in writing thereto which written consent is filed with the Trustee or if: (i) during the immediately preceding annual period ending June 30, the aggregate amount received by the Health Institution and its Guarantor under other State Contracts and not so listed on Exhibit K were at least 7.7 times greater than the Maximum Annual Debt Service of the Health Institution; (ii) the amounts referred to in Subsection (i) constituted the proceeds of Pledged Accounts; and (iii) no successor to or substitute for the contracts referred to in Subsection (i) have been so listed. If the certificate required to be delivered annually pursuant to Section 9.4(b) is not delivered by August 15 of any particular year or if during any annual period ending June 30, the aggregate amount constituting proceeds of Pledged Accounts received by the Health Institution and its Guarantor were less than 7.7 times greater than the Maximum Annual Debt Service of the Health Institution, there shall be deleted from the list appearing in Exhibit K, unless the continued inclusion thereof is consented to in writing by the Insurer, such contracts as would have permitted compliance with the provisions of Section 9.4(b) hereof had they been so deleted prior to the commencement of the period for which there was not compliance with such sentence. Amendments hereto modifying Exhibit K shall require only the signature of the Trustee as assignee of the Authority. The Authority shall instruct the Trustee in the Indenture to use its best efforts to complete the execution of all such required amendments by September 1 of each year. The Trustee shall consult with the Health Institution and the Insurer and shall advise them of which State Contracts it proposes to delete from Exhibit K prior to execution of any amendment hereto effecting such deletion. However, the Trustee shall not be required to follow any directions of the Health Institution or Insurer and may, in its sole discretion, delete all State Contract so listed on such Exhibit K subject to the Insurer's right to consent to the continued inclusion thereof as provided above; it being understood that the Trustee has advised the Authority that in the absence of written instructions from the Health Institution consented to in writing by the Insurer, it intends to delete all such contracts so listed in such circumstances.

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**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 C 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. Unless the Health Institution has a State Contract with the Department of Public Aid for the provision of services using the Mortgaged Property in whole or in part, the Health Institution shall make six monthly payments commencing in December, 1990 and ten monthly payments commencing in August during each annual period thereafter. If the Health Institution has such a State Contract with the Department of Public Aid, the Health Institution shall make five monthly payments commencing in December, 1990 and nine 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 Series A Reserve Fund or the Series B 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 its Loan or the Bonds 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 and to the Insurer whereupon the Health Institution shall immediately (x) first pay directly to the Authority for retention by the Authority moneys in an amount equal to the amount so transferred from the various Authority Subaccounts of the respective Reserve Funds and interest thereon at the maximum stated interest rate on the outstanding

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Bonds from the date of the draw on the applicable Authority Subaccount to the date of repayment of such amount and (y) thereafter pay directly to the Trustee for deposit into the applicable Reserve Fund moneys in an amount equal to the amount so transferred therefrom (other than from the Authority Subaccount thereof) and 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 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 with respect to 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 Trustee such additional amounts as are assessed to the Health Institution pursuant to Section 512(f) 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.

(f) In the event Bonds are to be redeemed because no disbursement has been made from such Health Institution's Acquisition Subaccount after the transfer to the Expense Fund from the Program Fund referred to in Section 3.1 hereof, the Health Institution shall pay to the Trustee such amounts as are sufficient, together with the moneys made available therefor under the Indenture, to provide for the redemption of the Health Institution's Correlative Series A and B Bonds.

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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 the Mortgaged Property or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of such Improvements or the Mortgaged Property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of the Improvements or the Mortgaged Property 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 additional costs of issuing the Bonds in excess of such issuance costs paid with amounts transferred to the Expense Fund from the Program Fund and with amounts deposited in the Series B Expense Fund. 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,

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(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 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 the Insurer, 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 of the Improvements 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 transfer to the Expense Fund from the Program Fund referred to in Section 3.1 hereof until the Trustee has received: (i) fully executed contracts regarding the provision of services utilizing the Mortgaged Property 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 D hereto and signed by an officer of the Applicable Department which contract is acceptable to the Insurer and providing for the payment to the Trustee of an aggregate amount equal to the Loan Payments becoming due during

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the term of such contracts or, if the Health Institution is not the Person with whom the Applicable Departments maintain State Contracts for the provision of services utilizing the Mortgaged Property, a Guaranty executed by such Person together with fully executed contracts between such Person and the Applicable Departments for the current annual period beginning the preceding July 1 containing such provisions, signed by such officer, in form and substance acceptable to the Insurer and providing for such payments, together with evidence satisfactory to the Insurer that such State Contracts or the predecessors thereof would have satisfied the requirements of Section 9.5 hereof during the immediately preceding annual period ending June 30; (ii) evidence satisfactory to the Insurer that, during the immediately preceding annual period ending June 30, the amounts received constituting (or which would have constituted had this Agreement been in place) proceeds of Pledged Accounts were at least 4.4 (or if such Pledged Accounts were subject to any Lien other than the Lien hereof, 7.7) times greater than the Maximum Annual Debt Service of the Health Institution or a written consent of the Insurer to the waiver of such requirement, (iii) 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 refinanced shows the release of 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 (iii) and in subsection (iv) shall not be less than the original Outstanding Principal Amount of the Health Institution's Loan; (iv) with respect to Improvements to be acquired, constructed, remodeled, renovated or equipped, satisfactory documentation of amendments to Exhibit A 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 (iii) and in subsection (iv) shall not be less than the original Outstanding Principal Amount of the Health Institution's Loan; (v) evidence satisfactory to the Trustee and the Insurer that this Agreement and the Indenture or evidence thereof satisfactory to the Trustee and the Insurer have been recorded with the recorder of deeds or, if applicable, registrar of titles, or if applicable both thereof, in the county or counties where the Mortgaged Property is located, that any Regulatory Agreement to which the Health Institution is a party has been recorded with the recorder of deeds or, if applicable, registrar of titles, or if applicable both thereof, in the county or counties where the Improvements subject to such Regulatory Agreement are located and that financing statements have been filed with such recorder, registrar or both thereof, and the Office of the Secretary of State of the State of Illinois to perfect the security interests

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granted or assigned hereby, by the Indenture and by the Guaranty, if any; (vi) an opinion of counsel acceptable to the Insurer, the Authority and the Trustee to the effect that this Agreement creates a first mortgage lien on the portion of the Mortgaged Property, as amended, which is real property and a prior perfected security interest, to the extent such interest can be perfected solely by such filing, in the portions of the Mortgaged Property which are fixtures, the Personal Property and the Pledged Accounts, subject in each case only to Permitted Encumbrances, and containing such other opinions as are reasonably requested by the Insurer or the Authority; (vii) 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 transfer to the Expense Fund from the Program 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; (viii) a letter from the Health Institution certifying the Principal Amount of the Health Institution's Loan and the principal amount of all other indebtedness for money borrowed, credit extended or the equivalent thereof secured by Liens on all or any portion of the Mortgaged Property and attaching either (X) appraisals, as of a date within 120 days of the first disbursement after the transfer to the Expense Fund from the Program Fund referred to in Section 3.1, satisfactory to the Insurer and the Authority of the Mortgaged Property (excluding for this purpose any value attributable to any portion of the Mortgaged Property described in Subsections 5.1(a)(vi) through (x) hereof) which appraisals indicate that the amount of such indebtedness does not exceed 100% of the appraised fair market value of the Mortgaged Property (with such exclusions) or (Y) appraisals dated more than 120 days prior to such disbursement which appraisals are satisfactory to the Insurer and the Authority which appraisals indicated that the amount of such indebtedness does not exceed 100% of the appraised fair market value of the Mortgaged Property (with such exclusions) at the time of such appraisals attaching a reconfirmation of such appraisals by such appraiser dated within 120 days of such first disbursement; (ix) 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 the Insurer, and the initial determination required by Section 7.4(a); and (x) written consent of the Insurer to the initial disbursement (excluding the transfer to the Expense Fund from the Program Fund referred to in Section 3.1 hereof), which

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consent may not be withheld as long as the Trustee has received the items referred to in the preceding clauses of this sentence and any items required to be delivered in connection with such initial disbursement by the Insurer as a condition to the delivery of its consent referred to in Section 207(h) of the Indenture.

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, which shall be accompanied by a concurring statement in form and substance not objected to by the Trustee or the Insurer from any architect or project manager retained to supervise the construction, renovation or remodeling of the Improvements or any portion thereof which concurring statement may be limited to those portions of such Improvements for which such architect or project manager has been so retained, 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 except as otherwise described in such certificate and not objected to by the Authority or the Insurer, 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 laws, ordinances and 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 applied to repay the Health Institution's Loan, shall be deposited in the Bond Fund and shall be used to call the Health Institution's Correlative Series A Bonds in accordance with Section 402(c) of the Indenture.

If any Loan proceeds are used to purchase, construct, renovate, remodel or equip Improvements located on the Mortgaged Property, upon completion of the Improvements and delivery to the

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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 the provision of services utilizing such Improvements in whole or in part and, unless the certificates delivered pursuant to the first paragraph hereof indicate that the Improvements have been completed strictly in accordance with the plans and specifications therefor or the Insurer agrees in writing that the same need not be delivered, to provide to the Trustee, in addition to the materials required to be delivered pursuant to the first paragraph hereof, a letter from the Health Institution certifying the Outstanding Principal Amount of the Health Institution's Loan and the principal amount of all other indebtedness for money borrowed, credit extended or the equivalent thereof and attaching either (x) an appraisal as of a date subsequent to completion and within 120 days of the date of delivery thereof satisfactory to the Insurer and the Authority of the Mortgaged Property included in such Improvements and the other Mortgaged Property (excluding for this purpose any value attributable to any portion of the Mortgaged Property described in Subsections 5.1(a)(vi) through (x) hereof) subject to the Lien hereof which indicates that the principal amount of such indebtedness does not exceed 100% of the appraised fair market value of the Mortgaged Property (with such exclusions) at the time of such appraisal, or (y) a letter from an appraiser dated more than 120 days prior to such completion which appraisal indicates that the amount of such indebtedness does not exceed 100% of the appraised fair market value of the Mortgaged Property (with such exclusions) at the time of such appraisal and attaches a reconfirmation of such appraisal by such appraiser as of a date subsequent to completion.

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

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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 prior thereto an Authorized Representative of the Health Institution shall deliver a certificate 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) unless waived in writing by the Authority and the Insurer, 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) unless waived in writing by the Insurer, 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, (v) unless waived in writing by the Authority and the Insurer, such change will not adversely affect the use of the Improvements for the intended purpose and, unless waived in writing by the Insurer, cannot, in and of itself, reasonably be expected to reduce the value of the Mortgaged Property upon completion of the Improvements below the expected value thereof as of the date of the most recent appraisal of the Mortgaged Property delivered pursuant to this Agreement and (vi) 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, which certificate, if requested by the Insurer, shall be accompanied by a letter from an appraiser to the effect that it is not reasonable to expect that such change, in and of itself, could have the effect that an appraisal meeting the requirements of Subsection (x) of the second paragraph of Section 6.3 hereof could not be delivered upon completion of the Improvements.

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In addition, the Health Institution may make revisions to the plans, specifications and schedule which will cause the 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), (v) and (vi) of the preceding paragraph and, if requested, the appraiser's letter referred to therein 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 interest payable on the Series A 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 Land or the Leased Land if such Improvements were to be located thereon as of the date of issuance of the Bonds. A copy of each such change in or amendment to the plans, specifications and schedule shall be filed promptly with the Trustee and the Insurer.

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 the 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 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.

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