

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: William T. Lichter, Village Manager

DATE: March 11, 2004 (COW)(B of T) March 18, 2004

TITLE: A Resolution Providing for the Financing by the Village of Lombard, Illinois of an Industrial Project for Elmhurst Memorial Healthcare; Authorizing the Issuance of \$7,200,000 Variable Rate Demand Revenue Bonds, Series 2004; Authorizing the Execution and Delivery of a Loan Agreement, Bond Trust Indenture, A Tax Exemption Agreement; Authorizing the Execution of a Bond Placement Agreement; and related matters.

SUBMITTED BY: Leonard J. Flood, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The attached resolution has been prepared by Village Bond Counsel James Shanahan of Ice Miller to authorize the issuance of up to \$7.2 million in Village of Lombard Variable Rate Demand Revenue Bonds for the Elmhurst Memorial Healthcare Project. The debt service on the bonds is payable solely from the revenues of the project and is not an obligation of the Village of Lombard nor does this indebtedness count toward the Village's legal debt limit.

The following documents referred to in the resolution will be provided to the Village early next week.

1. The Loan Agreement;
2. The Bond Trust Indenture dated as of March 15, 2004 (the "Indenture"), between the Issuer and the Trustee, setting forth terms, conditions and security requirements for the proposed bond issue and containing the form of the Bonds;
3. The Bond Placement Agreement (the "Bond Placement Agreement"), among the Issuer, the Borrower, the Credit Facility Issuer and the Placement Agent;
4. The Tax Exemption Agreement dated as of March 15, 2004 (the "Tax Agreement") among the Issuer, the Trustee and the Borrower; and
5. Private Placement Memorandum

Due to the size of these documents, I will not forward copies to the Village Board unless requested. I will have a complete set of these documents available in my office for review prior to the meeting.

The Village is acting as the conduit agency for the issuance of the Bonds in order to provide their tax-exempt status. In addition, Elmhurst Memorial Healthcare is issuing \$10.6 million in Taxable Variable Rate Demand Revenue bonds directly to fund the cost of their new Lombard facility.

In accordance with the provisions of Ordinance 4910, Elmhurst Memorial Healthcare will pay the Village a ¼% issuance fee (\$18,000) in addition to payment of out of pocket expenses including legal services.

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X	<i>Leonard J Flood</i>	Date	<i>03/11/04</i>
Village Manager X	<i>W. Thomas Lichter</i>	Date	<i>3/11/04</i>

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.

RESOLUTION

A RESOLUTION PROVIDING FOR THE FINANCING BY THE VILLAGE OF LOMBARD, ILLINOIS (THE "ISSUER") OF AN INDUSTRIAL PROJECT FOR ELMHURST MEMORIAL HEALTHCARE (THE "BORROWER"); AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$7,200,000 VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2004 (ELMHURST MEMORIAL HEALTHCARE PROJECT) IN CONNECTION THEREWITH; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE ISSUER AND THE BORROWER; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE BY AND BETWEEN THE ISSUER AND J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE") SECURING SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX EXEMPTION AGREEMENT AMONG THE ISSUER, THE BORROWER AND THE TRUSTEE; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PLACEMENT AGREEMENT PROVIDING FOR THE PLACEMENT OF SAID BONDS; AND RELATED MATTERS.

WHEREAS, the Village of Lombard, a political subdivision and municipality duly organized and existing under the Constitution and laws of the State of Illinois (the "Issuer") is authorized and empowered by the provisions of the Industrial Project Revenue Bond Act, 65 ILCS 5/11-74-1 et seq. (2002 State Bar Edition), as from time to time supplemented and amended (the "Act") to issue bonds for the purpose of financing, in whole or in part, the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of any "industrial project" (as said term is defined in the Act); and

WHEREAS, as a result of negotiations between the Issuer and Elmhurst Memorial Healthcare, an Illinois not for profit corporation (the "Borrower"), the Borrower has provided for the financing of the cost to (i) pay or reimburse the Borrower or one or more of its corporate affiliates for the payment of a portion of the costs of acquiring, constructing, renovating, remodeling and equipping its health care facilities, including without limitation the construction of a 50,000 square foot medical facility, and (ii) pay certain expenses incurred in connection with the issuance of the Bonds, including the cost of a letter of credit or other credit or liquidity

enhancement. All of the improvements to be financed by the Borrower with the proceeds of the Bonds are or will be initially owned, operated or managed by the Borrower at the following locations: 6 West Maple and 130 South Main Street, Lombard, Illinois (hereinafter referred to as the "Project"), which constitutes an industrial project under the Act, and the Issuer is willing to issue its revenue bonds to finance a portion of the costs of the Project and to enter into a Loan Agreement with the Borrower upon terms which will produce revenues and receipts sufficient to provide for the prompt payment at maturity of the principal and interest on such revenue bonds, all as set forth in the details and provisions of the Loan Agreement hereinafter identified; and

WHEREAS, it is necessary and proper for the Issuer for the benefit of the inhabitants within the Village of Lombard, DuPage County, Illinois to authorize the issuance of the Issuer's Variable Rate Demand Revenue Bonds, Series 2004 (Elmhurst Memorial Healthcare Project) in the aggregate principal amount of not to exceed \$7,200,000 (the "Bonds"); and

WHEREAS, the Bonds and the obligation to pay interest thereon are special limited obligations of the Issuer, payable solely out of the revenues and income derived from the Loan Agreement hereinbefore referred to and as otherwise provided in the Indenture hereinafter referred to; the Bonds and the obligation to pay interest thereon shall not be deemed to constitute an indebtedness or a general obligation of the Issuer, the State of Illinois or any political subdivision of the State of Illinois within the purview of any constitutional limitation or statutory provision or a charge against the general credit or taxing powers of the Issuer, the State of Illinois or any political subdivision of the State of Illinois, and neither the purchaser nor any future owner of the Bonds shall have the right to compel any exercise of the taxing power of the Issuer, the State of Illinois or any political subdivision of the State of Illinois thereof to pay any principal or purchase price of, premium, if any, or interest on the Bonds; and

WHEREAS, the proceeds of the Bonds will be used to fund a loan by the Issuer to the Borrower (the "Loan"), which Loan will be assigned to J.P. Morgan Trust Company, National Association, as Trustee (the "Trustee"), and Fifth Third Bank (the "Credit Facility Issuer") will issue its Irrevocable Direct Pay Letter of Credit (the "Initial Credit Facility") to the Trustee, to be held by the Trustee for the benefit of the holders of the Bonds to provide credit enhancement and liquidity support for the Bonds; and

WHEREAS, the proceeds of the Loan will be applied to the payment of the costs of the Project; and

WHEREAS, Fifth Third Securities, Inc. (the "Placement Agent") has indicated its willingness to place the Bonds with qualified investors; and

WHEREAS, it is necessary to authorize the execution of a Loan Agreement between the Issuer and the Borrower under the terms of which the Issuer will lend the proceeds of the sale of the Bonds to the Borrower in order to provide funds for the costs of the Project, the payments to be paid by the Borrower to the Issuer in repayment of the loan to be sufficient to pay at maturity the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, it is necessary for the Issuer to execute and deliver a Bond Trust Indenture to the Trustee for the holders from time to time of the Bonds pursuant to which the Bonds will be issued; and

WHEREAS, it is necessary for the Issuer to execute and deliver a Tax Exemption Agreement, among the Issuer, the Borrower and the Trustee, to enable the interest on the Bonds to be excludable from gross income for federal income tax purposes; and

WHEREAS, it is necessary to authorize the placement of the Bonds and to execute a Bond Placement Agreement hereinafter defined in connection therewith; and

WHEREAS, a Preliminary Private Placement Memorandum (the "Preliminary Private Placement Memorandum") has been prepared and presented to this meeting; and

WHEREAS, the Issuer has caused to be prepared and presented to this meeting the following documents, which the Issuer proposes to enter into:

1. The Loan Agreement;
2. The Bond Trust Indenture dated as of March 15, 2004 (the "Indenture"), between the Issuer and the Trustee, setting forth terms, conditions and security requirements for the proposed bond issue and containing the form of the Bonds;
3. The Bond Placement Agreement (the "Bond Placement Agreement"), among the Issuer, the Borrower, the Credit Facility Issuer and the Placement Agent; and
4. The Tax Exemption Agreement dated as of March 15, 2004 (the "Tax Agreement") among the Issuer, the Trustee and the Borrower;

WHEREAS, pursuant to the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended, a public hearing regarding the issuance of the Bonds was held by the President of the Issuer, or his designee, on March 18, 2004, pursuant to notice published at the direction of the Issuer in the Lombard Spectator, a newspaper of general circulation in the Village of Lombard, on March 3, 2004;

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DUPAGE COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. That the form, terms and provisions of the proposed Loan Agreement and Indenture be, and they hereby are, in all respects approved, and that the President and the Village Clerk of the Issuer be, and they are hereby authorized, empowered and directed to execute and deliver such instruments in the name and on behalf of the Issuer, to cause the Loan Agreement to be delivered to the Borrower and to cause the Indenture to be delivered to the Trustee; that the Indenture shall constitute a lien for the security of the Bonds and upon all right, title and interest of

the Issuer in and to the Loan Agreement (except for certain rights of the Issuer to notice, indemnification and payment of expenses) and in and to the payments, revenues and receipts payable to the Issuer pursuant thereto, and said revenues are hereby and in the Indenture pledged for such purpose; that the Loan Agreement and the Indenture are to be in substantially the respective forms submitted to this meeting and are hereby approved, with such changes therein as shall be approved by the officials of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the forms of the Loan Agreement and the Indenture hereby approved; and that from and after the execution and delivery of such instruments, the officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such instrument as executed. The final forms of the Loan Agreement and the Indenture as executed shall constitute, and are hereby made a part of this Resolution and a copy of each document shall be placed in the official records of the Issuer, and shall be made available for public inspection.

Section 2. That the form, terms and provisions of the proposed Tax Agreement, a copy of which is before this meeting, be, and it hereby is, in all respects approved, and that the President and the Village Clerk of the Issuer be, and they hereby are, authorized, empowered and directed to execute the Tax Agreement in the name and on behalf of the Issuer and thereupon to cause the Tax Agreement to be delivered to the other parties thereto; that the Tax Agreement is to be in substantially the form thereof submitted to this meeting and hereby approved, with such changes therein as shall be approved by the officials of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of such instrument hereby approved; and that from and after the execution

and delivery of such instrument, the officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things necessary to carry out and comply with the provisions of such instrument as executed. The Tax Agreement shall constitute, and is hereby made a part of this Resolution and a copy of such document shall be placed in the official records of the Issuer, and shall be made available for public inspection.

Section 3. That the form, terms and provisions of the proposed Bond Placement Agreement, a copy of which is before this meeting, be, and it hereby is, in all respects approved, and that the President and the Village Clerk of the Issuer be, and they hereby are, authorized, empowered and directed to execute the Bond Placement Agreement in the name and on behalf of the Issuer and thereupon to cause the Bond Placement Agreement to be delivered to the other parties thereto; that the Bond Placement Agreement is to be in substantially the form thereof submitted to this meeting and hereby approved, with such changes therein as shall be approved by the officials of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of such instrument hereby approved; and that from and after the execution and delivery of such instrument, the officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things necessary to carry out and comply with the provisions of such instrument as executed. The Bond Placement Agreement shall constitute, and is hereby made a part of this Resolution and a copy of such document shall be placed in the official records of the Issuer, and shall be made available for public inspection.

Section 4. That the issuance of the Bonds in the aggregate principal amount of not to exceed \$7,200,000, to mature on or before January 1, 2034 and with the interest rate to be a Weekly Interest Rate or a Fixed Interest Rate, as determined from time to time in accordance with

the Indenture, is hereby authorized and the President and the Village Clerk of the Issuer be and are hereby authorized, empowered and directed to cause to be prepared the Bonds in the form and having the other terms and provisions specified in the Indenture (as executed and delivered); that the Bonds shall be designated "Variable Rate Demand Revenue Bonds, Series 2004 (Elmhurst Memorial Healthcare Project)"; that the Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of its President and the manual or facsimile signature of its Village Clerk and the seal of the Issuer shall be impressed or reproduced thereon, and that the President or any other officer of the Issuer shall cause the Bonds, as so executed and attested, to be delivered to the Trustee for authentication and the Trustee is hereby requested to authenticate the not to exceed \$7,200,000 aggregate principal amount of Bonds; and the form of the Bonds submitted to this meeting as the same appears in the Indenture, subject to appropriate insertion and revision in order to comply with the provisions of said Indenture be, and the same hereby is, approved, and when the same shall be executed on behalf of the Issuer in the manner contemplated by the Indenture and this Resolution in the aggregate principal amount of not to exceed \$7,200,000, it shall represent the approved form of the Bonds of the Issuer.

Section 5. That the Bonds are issued under and in accordance with the Act.

Section 6. The Bonds shall be special limited obligations of the Issuer and except to the extent payable from Bond proceeds or moneys from the investment thereof, shall be payable solely from the revenues and receipts and other amounts received by or on behalf of the Issuer pursuant to the Loan Agreement and from the Initial Credit Facility. The Bonds and interest thereon shall not be deemed to constitute an indebtedness or a general obligation of the Issuer, the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision or a charge against the general credit or taxing powers, if any, of the Issuer, the State of

Illinois or any political subdivision thereof. No taxing powers of the Issuer, the State of Illinois or any political subdivision thereof are available to pay the Bonds or interest thereon. The special limited nature of the obligation represented by the Bonds is as more fully set forth in the Indenture.

Section 7. That the distribution and use of the Preliminary Private Placement Memorandum by the Placement Agent in substantially the form submitted to this meeting is hereby authorized and the distribution and use of a final Private Placement Memorandum is hereby authorized. The President of the Issuer is hereby authorized, empowered and directed to certify that the portions of the Preliminary Private Placement Memorandum and the final Private Placement Memorandum relating to the Issuer under the caption "The Issuer" are in a form deemed final by the Issuer for purposes of rule 15c2-12 under the Securities Exchange Act of 1934.

Section 8. That the placement of the Bonds, to the investors upon the terms and conditions set out in the Bond Placement Agreement, be, and is, in all respects authorized and approved.

Section 9. That from and after the execution and delivery of the Loan Agreement, the Tax Agreement, the Indenture and the Bond Placement Agreement, the proper officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and to further the purposes and intent of this Resolution, including the preamble hereto.

Section 10. That all acts and doings of the officials of the Issuer which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds in the aggregate principal amount of not to exceed \$7,200,000 and the financing of the Project to that amount be, and the same hereby are, in all respects, approved and confirmed.

Section 11. That approval is granted for the issuance of the Bonds pursuant to Section 147(f) of the Code.

Section 12. That the Bonds shall be issued in compliance with and under the authority of the provisions of the Act, this Resolution and the Indenture.

Section 13. The Borrower has informed the Issuer of its intention to use certain proceeds of the Bonds to reimburse itself for certain capital expenditures made for improvements to the Project within the sixty (60) day period prior to the date of this Resolution or made for capital improvements to the Project after the date of this Resolution. In connection therewith, the Issuer hereby declares its intent to assist the Borrower under Treasury Regulations Section 1.150-2 to reimburse any such capital expenditures made for improvement costs of the Project with proceeds of the Bonds.

Section 14. This Resolution shall be in full force and effect from and after its passage and approval, in accordance with law, pursuant to a two-thirds (2/3rds) vote of the corporate authorities of the Issuer as required by §11-74-6 of the Act.

ADOPTED this 18th day of March, 2004, pursuant to roll call vote as follows:

AYES: _____

NAY: _____

ABSENT: _____

APPROVED by me this 18th day of March, 2004.

President

ATTEST:

Village Clerk