

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting
10/4/2022

SUBJECT:	SUBMITTED BY:
Series 2014 Bond Amendment	Enza Petrarca Village Attorney

SYNOPSIS

An Ordinance has been prepared authorizing the amendment of the Village of Downers Grove, DuPage County, Illinois multifamily housing revenue bond (Downers Grove Supportive Living Facility), Series 2014 originally issued in the aggregate principal amount of not to exceed \$20,114,920.

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include Steward of Financial, Environmental and Neighborhood Sustainability.

FISCAL IMPACT

N/A

RECOMMENDATION

Approval on the October 11, 2022 Active Agenda.

BACKGROUND

On August 19, 2014, the Village adopted an ordinance authorizing the issuance of a [Multifamily Housing Revenue Bond](#) (Downers Grove Supportive Living Facility), Series 2014, in the aggregate principal amount of not to exceed \$20,114,920 (the "Bond") and loaned the proceeds thereof to Downers Grove Supportive Living Facility, LLC, an Illinois limited liability company (the "Borrower"), for the purpose of financing all or a portion of the costs of acquiring, constructing and equipping a 120-unit supportive living/multifamily housing facility located in the Village. The Bond was sold to Heartland Bank and Trust Company (the "Purchaser") and the Borrower and the Purchaser wish to amend the Bond, currently outstanding in the amount of \$18,974,500, to change the interest rate from variable rate to a fixed rate, and in connection therewith to deliver an amended bond (the "Amended Bond")

The Amended Bond will be a limited obligation of the Village, payable solely and only from the revenues and receipts derived by the Village pursuant to the Loan Agreement entered into in connection with the Bond. The Amended Bond will not in any respect be a general obligation of the Village, and it will state that it does not constitute an indebtedness of the Village or a loan of credit thereof within the meaning of any constitutional or statutory provision.

ATTACHMENTS

Ordinance

Bond Form

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE AMENDMENT OF THE VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS MULTIFAMILY HOUSING REVENUE BOND (DOWNERS GROVE SUPPORTIVE LIVING FACILITY), SERIES 2014 ORIGINALLY ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,114,920 IN CONNECTION THEREWITH; THE EXECUTION AND DELIVERY OF SUCH AMENDED BOND; AND RELATED MATTERS.

WHEREAS, the Village of Downers Grove, DuPage County, Illinois (the "Village") is a municipal corporation and a home rule unit of local government and is authorized and empowered by the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 and the Downers Grove Revenue Bond Ordinance constituting Chapter 27 of the Downers Grove Municipal Code (the "Act") to issue its revenue bonds and to finance or refinance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, betterment or extension of any economic development project in order to encourage economic development of the Village; and

WHEREAS, the Village previously issued its Multifamily Housing Revenue Bond (Downers Grove Supportive Living Facility), Series 2014, in the aggregate principal amount of not to exceed \$20,114,920 (the "Bond") pursuant to an ordinance adopted by the Village on August 12, 2014 (the "Ordinance") and a Trust Indenture dated as of December 1, 2014 (this "Indenture"), by and between the Village and Heartland Bank and Trust Company, as trustee (the "Trustee"), and loaned the proceeds thereof to Downers Grove Supportive Living Facility, LLC, an Illinois limited liability company (the "Borrower"), pursuant to a Loan Agreement dated as of December 1, 2014 (the "Loan Agreement"), by and between the Village and the Borrower for the purpose of (i) financing all or a portion of the costs of acquiring, constructing and equipping a 120-unit supportive living/multifamily housing facility located in the Village (the "Project"), (ii) paying capitalized interest on the Bond, and (iii) paying certain costs related to the issuance thereof; and

WHEREAS, the Bond was sold to Heartland Bank and Trust Company (the "Purchaser") pursuant to that certain Bond Purchase Agreement, dated as of December 1, 2014, among the Issuer, the Borrower and the Purchaser; and

WHEREAS, the Borrower and the Purchaser wish to amend the Bond to change the interest rate and make certain other amendments, and in connection therewith to deliver an amended bond (the "Amended Bond"); and

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

1. The form of the Amended Bond.

NOW, THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. The Bond was issued for a valid public purpose under and pursuant to the Act, in order to relieve the conditions of unemployment and to encourage the increase of economic development.

Section 2. That the issuance of the Amended Bond with such interest rate being fixed in nature at a rate not to exceed six percent (6%), is hereby approved and the Mayor and the Village Clerk of the Village be and are hereby authorized, empowered and directed to cause to be prepared the Amended Bond in the form and having the other terms and provisions specified in the Indenture (as previously executed and delivered); that the Amended Bond shall be executed in the name of the Village with the manual or facsimile signature of its Mayor and the manual or facsimile signature of its Village Clerk and the seal of the Village shall be impressed or reproduced thereon, and that the Mayor or any other officer of the Village shall cause the Amended Bond, 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 \$20,114,920 aggregate principal amount of Amended

Bond; and the form of the Amended Bond hereby is, approved, and when the same shall be executed on behalf of the Village in the manner contemplated by this Ordinance in the aggregate principal amount of not to exceed \$20,114,920, it shall represent the approved form of the Amended Bond of the Village.

Section 3. That all acts and doings of the officials of the Village which are in conformity with the purposes and intent of this Ordinance and in furtherance of the issuance and sale of the Amended Bond in the aggregate principal amount of not to exceed \$20,114,920 hereby are, in all respects, approved and confirmed.

Section 4. That the Amended Bond shall be issued in compliance with and under the authority of the provisions of the Act and this Ordinance.

Section 5. That the provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision shall, for any reason, be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions.

Section 6. That all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby superseded.

Section 7. This Ordinance shall be in full force and effect from and after its passage and approval, in accordance with law.

Section 8. The Amended Bond, including but not limited to the principal of, premium, if any, interest thereon and any expenses thereto, shall be a limited obligation of the Village, payable solely and only from the revenues and receipts derived by the Village pursuant to the Loan Agreement and shall be otherwise secured as provided in the Loan Agreement and the Indenture. The Amended Bond shall not in any respect be a general obligation of the Village, nor shall it be payable in any manner from funds of the Village raised by taxation. The Amended Bond shall state that it does not constitute an indebtedness of the Village or a loan of credit thereof within the

meaning of any constitutional or statutory provision. Nothing in this Ordinance, the Loan Agreement, the Indenture, or the form of the Amended Bond or in any document or agreement required hereby and thereby, shall be construed as an obligation or commitment by the Village to expend any of its funds other than (i) the proceeds derived from the sale of the Amended Bond, (ii) the revenues and receipts derived from the Loan Agreement, and (iii) any monies arising out of the investment or reinvestment of said proceeds, income, revenues, receipts or monies.

PASSED this _____ day of _____, 2022.

APPROVED this _____ day of _____, 2022.

Mayor

ATTEST:

Village Clerk

AYES: _____

NAYS: _____

ABSENT: _____

No. R-1

Not to exceed \$20,114,920

**VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS
MULTIFAMILY HOUSING REVENUE BOND
(DOWNERS GROVE SUPPORTIVE LIVING FACILITY), SERIES 2014**

<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
December 30, 2014	December 1, 2032	N/A

REGISTERED OWNER: Heartland Bank and Trust Company

STATED PRINCIPAL AMOUNT: Up to Twenty Million One Hundred Fourteen Thousand and Nine Hundred and Twenty Dollars as shown on Schedule A hereto

PRINCIPAL AMOUNT: As shown on Schedule A hereto

THIS BOND AND THE OBLIGATION TO PAY THE PREMIUM, IF ANY, AND INTEREST HEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER (AS DEFINED HEREIN), SECURED AS AFORESAID AND PAYABLE SOLELY OUT OF THE REVENUES AND INCOME DERIVED FROM THE AGREEMENT (AS DEFINED HEREIN) AND THE NOTE (AS DEFINED HEREIN) AND AS OTHERWISE PROVIDED IN THE INDENTURE (AS DEFINED HEREIN), THE NOTE AND THE AGREEMENT. THIS BOND AND THE OBLIGATION TO PAY THE PREMIUM, IF ANY, AND INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE ISSUER, THE STATE OF ILLINOIS (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE PURVIEW OF ANY CONSTITUTIONAL LIMITATION OR PROVISION OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM. NO OWNER OF THIS BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER, IF ANY, OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS BOND MAY BE SOLD OR OTHERWISE TRANSFERRED IN WHOLE ONLY IN TRANSACTIONS IN WHICH THIS BOND IS REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR IN TRANSACTIONS IN WHICH THIS BOND IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE ISSUER HAS NOT UNDERTAKEN AN OBLIGATION TO CAUSE THIS BOND TO BE REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, OR TO COMPLY WITH ANY EXEMPTION THAT MAY BE AVAILABLE UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, INCLUDING, WITHOUT LIMITATION, RULE 144A UNDER THE SECURITIES ACT. THE REGISTERED OWNER OF THIS BOND AGREES THAT ANY TRANSFER OF

THIS BOND WILL BE IN WHOLE IN ACCORDANCE WITH THE PROVISIONS OF THIS BOND.

THE VILLAGE OF DOWNERS GROVE, DUPAGE COUNTY, ILLINOIS ("**Issuer**"), acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner or registered assigns the principal sum of up to Twenty Million One Hundred Fourteen Thousand and Nine Hundred and Twenty Dollars (\$20,114,920), on the Maturity Date stated above or on the date fixed for prior redemption, as the case may be, together with interest on the amount of such principal sum advanced by the registered owner hereof (the "**Purchaser**") from the Dated Date of this Bond until the Issuer's obligations with respect to the payment of such principal sum shall be discharged, at the interest rate per annum of ___% payable monthly commencing January 1, 2015 (the "**Interest Payment Date**") until maturity or earlier redemption. Principal of this Bond shall be payable as provided in the Indenture, including Schedule I thereto.

This Bond is the duly authorized issue of bonds, designated as Multifamily Housing Revenue Bond (Downers Grove Supportive Living Facility), Series 2014 (the "**Bond**"), of the Issuer, limited to the aggregate principal amount of not to exceed \$20,114,920, and authorized and issued under and pursuant to: (i) the act as set forth in the preambles of this Indenture (the "**Act**"), (ii) an Ordinance of the Issuer duly adopted on August 12, 2014 (the "**Ordinance**"); and (iii) a Trust Indenture from the Issuer and to Heartland Bank & Trust Company (the "**Trustee**") dated as of December 1, 2014 (the "**Indenture**"). Copies of the Indenture are on file in the office of the Issuer and at the principal corporate trust office of the Trustee.

ALL CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS BOND SHALL HAVE THE RESPECTIVE MEANINGS ASSIGNED TO SUCH TERMS IN THE INDENTURE.

Pursuant to the Loan Agreement, dated as of December 1, 2014 (the "**Loan Agreement**"), between the Issuer and Downers Grove Supportive Living Facility, LLC, an Illinois limited liability company (the "**Borrower**"), the Borrower is obligated to make payments directly to the Purchaser in the amounts and at the times corresponding to the payments of principal of, redemption premium, if any, and interest on the Bond (the "**Bond Service Charges**") when due. The obligations of the Borrower under the Loan Agreement are evidenced by a Promissory Note of the Borrower (the "**Note**") of even date with the Loan Agreement which is secured by the Mortgage described below. By the Indenture, the Issuer has assigned its right, title and interest in and to the Loan Agreement (except for the Issuer's "**Unassigned Rights**" as defined in the Indenture) to the Trustee as security for the payment of the Bond Service Charges.

The Bond is issued pursuant to and in compliance with the Act and laws of the State of Illinois.

The Bond is a limited obligation of the Issuer and the principal of, redemption premium, if any, and interest on the Bond is payable solely from and secured by: (i) amounts paid by the Borrower under the Loan Agreement and the Note; (ii) an assignment to the Trustee of all the Issuer's rights (except for the Unassigned Rights) under the Loan Agreement and the Note; (iii) a pledge of and security interest in all moneys and investments held by the Trustee under the Indenture, including any moneys representing earnings on monies held under the Indenture; and

(iv) a mortgage on the Borrower's property located at 4200 – 4240 Lacey Road in Downers Grove, Illinois (the "**Mortgage**") and (v) other security referenced in the Indenture and agreements related thereto. This Bond and the obligation to pay the premium, if any, and interest hereon are special, limited obligations of the Issuer, secured as aforesaid and payable solely out of the revenues and income derived from the Agreement (as defined herein) and the Note (as defined herein) and as otherwise provided in the Indenture (as defined herein), the Note and the Agreement. This Bond and the obligation to pay the premium, if any, and interest hereon shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State of Illinois (the "State") or any political subdivision thereof within the purview of any constitutional limitation or provision or a charge against the general credit or taxing powers, if any, of any of them. No owner of this Bond shall have the right to compel any exercise of the taxing power, if any, of the Issuer, the State or any political subdivision thereof to pay any principal installment of, premium, if any, or interest on this Bond.

This Bond is transferable, as provided in the Indenture, only upon the registration books of the Issuer which are kept for that purpose at the corporate trust office of the Trustee in Chicago, Illinois, as registrar under the Indenture (the "**Registrar**"), or its successor as Registrar, upon surrender of this Bond together with a written instrument of transfer which is satisfactory to the Registrar and which is duly executed by the registered owner or by his or her duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond as provided in the Indenture, upon payment of the charges therein prescribed. The Issuer, the Trustee, the Registrar and any Paying Agent of the Issuer may treat and consider the person in whose name this Bond is registered as the holder and absolute owner of this Bond for the purpose of receiving payment of the principal of, redemption premium, if any, and interest due on this Bond and for all other purposes.

The Bond is secured equally and ratably with the Borrower's \$835,080 Promissory Note issued directly to the Purchaser.

This Bond may be transferred in whole, but not in part (and then only in conjunction with a transfer in whole of the Bond and only to a Qualified Transferee (as defined below). Notwithstanding the foregoing, the Owner may sell participations in this Bond in accordance with applicable law and the Agreement. For purposes of this paragraph, the term "Qualified Transferee" shall mean a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as amended.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND BY REASON OF THE ISSUANCE OF THIS BOND.

Redemptions. The Bond is subject to redemption prior to maturity as provided in the Indenture.

It is certified, recited and declared that (a) all conditions, acts and things which are required by the Constitution or by the statutes of the State of Illinois or by the Ordinance or Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond

exist, have happened and have been performed, and (b) the Bond, together with all other indebtedness of the Issuer, are within every debt and other limit prescribed by said Constitution or statutes.

This Bond shall not be entitled to any security or benefit under the terms of the Indenture or be valid or obligatory for any purpose unless the certificate of authentication has been duly executed by the Trustee upon original issuance and thereafter by the Registrar.

IN WITNESS WHEREOF, the Village of Downers Grove, DuPage County, Illinois has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and its corporate seal or a facsimile thereof to be impressed or printed hereon and attested by the manual or facsimile signature of its Village Clerk, all as of the Dated Date identified above.

**VILLAGE OF DOWNERS GROVE,
DUPAGE COUNTY, ILLINOIS**

By: _____
Its: Mayor

[SEAL]

ATTEST:

By: _____
Its: Village Clerk

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture.

HEARTLAND BANK AND TRUST COMPANY,
as Trustee

By: _____
Authorized Officer

Date of Authentication: _____

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT --	Uniform Gifts to Minor Act
CUST --	Custodian
TEN COM --	as tenants in common
TEN ENT --	as tenants by the entireties
JT TEN --	as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfer unto

(Name, Address and Taxpayer Identification Number of Assignee)

the Multifamily Housing Revenue Bond (Downers Grove Supportive Living Facility), Series 2014 of the Village of Downers Grove, DuPage County, Illinois and does hereby irrevocably constitute and appoint _____ to transfer the Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Taxpayer Identification

Number: _____

NOTICE: Signature(s) must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

SCHEDULE A
TABLE OF ADVANCES

DATE	ADVANCE	PRINCIPAL INSTALLMENT AMORTIZATION	PRINCIPAL AMOUNT
December 30, 2014	\$4,038,325.64	-----	\$4,038,325.64