

LOAN AGREEMENT

This LOAN AGREEMENT is made as of _____, by and between the CITY OF JOLIET, an Illinois municipal corporation with its principal offices at 150 West Jefferson Street, Joliet, Illinois 60432 ("Lender"), and the BOARD OF TRUSTEES OF THE CITY OF JOLIET PUBLIC LIBRARY, established under the Illinois Local Library Act, 75 ILCS 5/1-0.1 et seq. ("Borrower").

BACKGROUND

- A. Borrower has requested that Lender extend to Borrower a loan of \$3,500,000 to pay for remodeling its Black Road Branch at 3395 Black Road, Joliet, IL 60431.
- B. Subject to the terms and conditions set forth below, and in reliance upon the representations and warranties and the covenants and undertakings of Borrower, Lender wishes to make such loan to Borrower, the proceeds of which shall be used solely and exclusively in furtherance of the Project as that term is defined below.

In consideration of the foregoing and of the mutual covenants and undertakings set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties, intending to be legally bound, agree:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 **Definitions.** In addition to terms defined elsewhere in this Agreement, the following terms as used in this Agreement shall have the meanings specified below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

- (a) **Agreement** means this Loan Agreement, as the same may be amended, modified, or supplemented from time to time.
- (b) **Business Day** means any day that is not a Saturday, Sunday, or public holiday under the laws of the State of Illinois.
- (c) **Closing** has the meaning given to that term in Section 2.1.
- (d) **Closing Date** means the date of the Closing.
- (e) **Code** means the Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations and published interpretations thereof.
- (f) **Collateral** means any property or assets of Borrower now or in the future securing the Loan. Borrower shall not be required to pledge additional collateral beyond the tax levy security provided under this Agreement, regardless of financial circumstances or changes in Project scope.
- (g) **Default** means any event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default as set forth in Section 9.1.
- (h) **Intentionally deleted**
- (i) **Disbursement** has the meaning given to that term in Section 6.1.
- (j) **Event of Default** has the meaning given to that term in Section 9.1.

- (k) **Loan** means the loan to be made by Lender to Borrower under the terms and conditions of this Agreement.
 - (l) **Loan Amount** has the meaning given to that term in Section 2.3
 - (m) **Loan Documents** means this Agreement, the Note, the Mortgage, and any other agreements or documents now or in the future executed or delivered to Lender by Borrower in connection with this Agreement or the making of the Loan.
 - (n) **Loan Term** has the meaning given to that term in Section 2.4.
 - (o) **Mortgage** means the Mortgage, Assignment of Leases and Rents, and Security Agreement executed and delivered by the Borrower to the Lender granting a second priority mortgage lien on the Property.
 - (p) **Obligations** means the sums due under this agreement in the original principal amount of \$3,500,000 and all interest accrued thereon.
 - (q) **Origination Fee** means that certain fee for originating the Loan payable by Borrower to Lender at Closing, in the amount of \$0.00. The Lender agrees to waive any origination fees associated with the Loan.
 - (r) **Origination Period** means the period during which Disbursements may be made by Lender to Borrower, as more fully described in Section 2.2.
 - (s) **Project** means the project being financed with the proceeds of the Loan, as more particularly described in Section 3.2.
 - (t) **Project Financing** means the financing for the Project, other than the Loan, including without limitation, the Prior Loan.
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ARTICLE II

THE LOAN

2.1 Agreement to Lend. Subject to the terms and conditions in this Agreement and the other Loan Documents, Lender agrees to lend to Borrower, and Borrower agrees to borrow from Lender, the Loan Amount. The closing of the Loan shall occur upon satisfaction of the conditions outlined in Sections 6.1 through 6.3 ("Closing"). Borrower may request a restructure of the Loan terms, including interest rate and repayment schedule, if significant changes in economic conditions or unforeseen financial challenges arise during the Loan Term.

2.2 Disbursement of Loan: Origination Period. The proceeds of the Loan shall be disbursed by Lender to or for the account of Borrower, on the Closing Date.

2.3 Loan Amount. The loan amount shall be Three Million Five Hundred Thousand and No/100 Dollars (\$3,500,000) ("Loan Amount").

2.4 Loan Term. The term of the Loan shall be 20 years commencing on the Closing Date and shall end on the Maturity Date ("Loan Term"). If the Project is delayed for reasons beyond the Borrower's control, the Loan Term shall automatically be extended by up to 12 months, with no additional interest or fees incurred during this period. Borrower shall have the right to request a renegotiation of the Loan Term and repayment schedule if significant changes to Borrower's financial condition or operating environment occur during the Loan Term.

2.5 Interest. Interest Rate: The interest rate on the Loan shall be set at the current rate for State and Local Government Series (SLGS) securities for a comparable term, as determined by the Borrower and Lender at the

time of execution of this Agreement. Borrower may refinance the Loan one time during its term at a lower interest rate without penalty if such rate becomes available during the Loan Term.

2.6 Payment Schedule. The principal of the Loan, and all interest accruing thereon, shall be due and payable in accordance with the payment schedule attached as Exhibit A which is incorporated by reference in this Agreement as though fully outlined in this Agreement. Borrower shall have the option to prepay any portion of the Loan principal without penalty or fees.

Borrower shall have the right to adjust the repayment schedule annually to align with fluctuations in operational revenues, subject to mutual agreement with Lender.

2.7 Tax Levy Agreement.

- (a) The Borrower's property tax levy for library purposes, as determined and approved by the City of Joliet Council, shall serve as security for the repayment of the loan.
- (b) The Borrower agrees to allocate a portion of its tax levy towards repayment of the loan, following the repayment schedule outlined in Exhibit A and Section 2.
- (c) Borrower agrees to allocate 3% of its annual tax levy increase toward capital improvements and the repayment of the loan, consistent with the repayment schedule, with any remaining levy funds designated for future capital improvements or emergency repairs.
- (d) Borrower retains the right to prioritize the allocation of levy funds toward capital improvement or emergency repair needs after fulfilling its annual loan repayment obligations. The Lender shall not withhold levy funds or distributions as long as the Borrower meets its repayment obligations.
- (e) Borrower may adjust the allocation of levy funds with the Lender's prior written consent if unforeseen operational or financial requirements arise, provided such adjustments do not delay or reduce repayment.
- (f) Borrower may allocate repayments from any unrestricted revenue source and is not restricted to using tax levy funds alone, provided repayments are made on time.
- (g) Any surplus tax levy revenues beyond what is required for the loan repayment shall remain with the Borrower, designated for future capital improvements or emergency repair needs.

ARTICLE III

PURPOSE AND USE OF LOAN PROCEEDS; OTHER FINANCING

3.1 Purpose of Loan. The purpose of the Loan is to provide financing that will enable the Borrower to renovate and update its Black Road Branch located at 3395 Black Road in Joliet. Borrower represents and warrants that no intention or agreement exists or is contemplated to use the proceeds of the Loan for any purpose other than the purpose stated herein or to designate such proceeds for any entities or organizations other than Borrower or its affiliates engaged in Project-related work. Borrower understands and agrees that the proceeds of the Loan may not, under any circumstance, serve as security for any present or future indebtedness of Borrower or be used for any purpose other than the purpose stated herein. Borrower may, with prior written notice to the Lender, allocate up to 10% of the Loan proceeds to other capital improvements at the Black Road Branch if such reallocation enhances Project outcomes.. If the Project is completed under budget, any remaining loan proceeds may, with the Lender's prior approval, be reallocated to other library facility improvements.

3.2 The Project. Borrower operates a branch at 3395 Black Road in Joliet. This branch is twenty-two years old and needs renovation and updating. This renovation and updating is collectively referred to as the "Project." Borrower retains sole discretion to modify Project plans and timelines, provided such modifications do not increase the Loan Amount or delay repayment schedules.

Lender agrees to provide Borrower with letters of support or other documentation necessary to secure additional financing or grants for the Project.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into this Agreement and to fund the Loan, Borrower represents and warrants to Lender, as of the date of this Agreement and as of the date of Closing, as follows:

4.1 Organization. The Borrower is a unit of local government incorporated under the Illinois Local Library Act., 75 ILCS 5/1-0.1 et seq., validly existing, and in good standing under the laws of the State of Illinois, and has paid all taxes and filed all reports, if any, necessary to maintain its status and good standing. No proceeding or action is pending or, to the best of Borrower's knowledge, threatened, against Borrower which could affect its status and good standing as an Illinois unit of local government.

4.2 Power and Authority. The Borrower is governed by a board of nine trustees. This Board of Trustees has the requisite power and authority to conduct all the activities which they now conduct or propose to conduct in connection with the Project and as contemplated by the Loan Documents, and to enter into the Loan Documents.

4.3 Binding Agreement. Borrower has taken or will take all requisite action necessary to authorize the execution and delivery of the Loan Documents and the consummation of transactions contemplated by the Loan Documents. The Loan Documents are valid and binding obligations of the Borrower, enforceable under their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other law and equity principles applied for the relief of debtors generally. No consent, order, authorization, or other approval of any governmental body or agency is required for Borrower to execute or deliver, or to perform Borrower's obligations under, the Loan Documents.

4.4 Intentionally Deleted

4.5 Litigation. Borrower represents that, to its knowledge, no legal action, suit, proceeding, or investigation is pending or threatened that would materially and adversely affect its ability to perform its obligations under this Agreement or to complete the Project. Borrower agrees to promptly notify Lender in writing of any such legal actions or proceedings that arise during the term of this Agreement and could reasonably be expected to have a material adverse effect on its ability to fulfill its obligations.

4.6 No Defaults. Borrower represents that it is not currently in material default under any judgment, order, contract, or agreement that would materially and adversely affect its ability to perform its obligations under this

Agreement. Borrower further agrees to promptly notify Lender of any material default or alleged default that arises during the term of this Agreement and could reasonably be expected to impact its performance

4.7 Intentionally Deleted

4.8 Intentionally Deleted

4.9 Other Agreements. Borrower is not a party to any agreement or instrument, or subject to any restriction, which could materially adversely affect its properties or assets, operations, or condition, financial or otherwise.

4.10 Disclosure. No representation, warranty, or statement of Borrower in this Agreement or the other Loan Documents, or in any document furnished to Lender according to this Agreement or the other Loan Documents, or in connection with the transactions contemplated in this Agreement, contains any untrue statement of a material fact, or omits any material fact, the omission of which would be misleading.

4.11 Judgments. Borrower represents that it has not been subject to any judgments, liens, or legal orders that would materially and adversely affect its ability to perform its obligations under this Agreement. Borrower further agrees to notify Lender of any such material judgments, liens, or legal orders that arise during the term of the Agreement and could reasonably be expected to impact Borrower's performance.

ARTICLE V

CONDITIONS TO LENDER'S OBLIGATIONS

5.1 General Conditions.

- (a) The obligation of Lender under this Agreement to fund the Loan is subject to the following conditions precedent, all of which shall be fulfilled to Lender's satisfaction on or before the Closing Date and shall be in effect on the Closing Date: (a) The representations and warranties made by Borrower in this Agreement and the other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of such time.
- (b) No Default or Event of Default shall result from the funding of the Loan.

5.2 Delivery of Documents. As conditions precedent to the obligation of Lender to fund the Loan, Borrower shall deliver or cause to be delivered to Lender, at or before the Closing, this Agreement, duly executed by Lender and Borrower which shall be in form and substance acceptable to Lender.

ARTICLE VI

DISBURSEMENTS

6.1 Loan Proceeds. Lender shall disburse proceeds of the Loan at time of closing.

ARTICLE VII

AFFIRMATIVE COVENANTS

As long as any portion of the Loan is outstanding remain unpaid, Borrower covenants and agrees that, unless Lender otherwise consents in writing:

7.1 Reports. Borrower shall furnish information, statements, or documentation reasonably necessary to address specific questions or concerns raised by Lender, provided such requests are related to the Loan or the Project and do not impose an undue administrative burden on Borrower.

7.2 Existence. Borrower shall maintain its existence and good standing as a Illinois Unit of Local Government and shall comply with all applicable federal, state, and local laws and regulations necessary for the continuation of its operations, including the Project.

7.3 Taxes and Charges. Intentionally Deleted

7.4 Use of Loan Proceeds. Borrower shall use the proceeds of the Loan solely for the purposes described in and permitted by this Agreement. Borrower may make modifications to the Project's scope or budget, provided that such changes do not increase the overall Loan Amount .

7.5 Anti-Discrimination Laws. Borrower shall fully comply with all applicable federal, state, local, and other governmental anti-discrimination laws, executive orders, and regulations in its use of Loan proceeds and in conducting the Project.

7.6 Inspections. Borrower agrees to provide Lender with reasonable access to financial records and project documentation relevant to the Loan upon written request, subject to Borrower's standard procedures for record access and applicable laws. Any site visits or inspections of the Project shall be coordinated with Borrower to ensure they do not interfere with Borrower's operations or the progress of the Project.

ARTICLE VIII

NEGATIVE COVENANTS

As long as any portion of the Loan is outstanding or unpaid, Borrower covenants and agrees that, unless Lender otherwise consents in writing:

8.1 Assignment. Borrower shall not assign any rights or delegate performance of any of its duties or obligations under the Loan Documents. Lender shall not assign its rights under this Agreement without Borrower's prior written consent.

8.2 Material Changes. Borrower shall not take any action, such as modifying governance documents, merging, consolidating, or dissolving, that would materially impair its ability to fulfill its obligations under this

Agreement. Borrower agrees to provide Lender with reasonable notice of any proposed actions that could impact its repayment obligations, in accordance with applicable laws and governance procedures.

8.3 Disposal of Assets. Borrower shall not sell, lease, or transfer any assets that are critical to the performance of its obligations under this Agreement without prior approval from its governing board and in compliance with applicable laws. Borrower agrees to notify Lender of any such transactions if they could materially impact Borrower's ability to fulfill its obligations under this Agreement.

8.4 Liens. Intentionally Deleted

8.5 Use of Loan Proceeds. Borrower shall use the proceeds of the Loan solely for purposes related to the Project and consistent with applicable federal, state, and local laws governing the use of public funds.

8.6 Guaranties. Borrower shall not guarantee or assume the liabilities or obligations of any third party in connection with the Project except as required by law or approved by Borrower's governing board.

8.7. Indebtedness Borrower shall not incur additional indebtedness for the Project without the approval of its governing board and in compliance with applicable laws. Borrower agrees to notify Lender if such indebtedness could materially impact its ability to fulfill its obligations under this Agreement.

ARTICLE IX

Events of Default

9.1 Events of Default:

The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement:

- (a) Borrower fails to make a scheduled payment within 60 days of receiving written notice from Lender.
- (b) Borrower materially violates a term of this Agreement, and such violation remains uncured for 60 days following written notice from Lender.
- (c) Borrower becomes unable to meet its financial obligations under this Agreement due to reasons within its control.

Administrative or technical errors that do not materially impair Lender's rights or the progress of the Project shall not constitute an Event of Default.

9.2 Remedies:

In the event of a material default:

- (a) Lender shall meet with Borrower to review the circumstances and explore alternative resolutions, such as restructuring the Loan or extending the repayment period.
- (b) Lender may pursue remedies available under state law, provided such remedies do not materially impair Borrower's ability to maintain essential operations or public services.

Lender agrees that no acceleration of the Loan or withholding of Borrower's tax levy distributions shall occur without mutual agreement or a court order, and only for material breaches of this Agreement that directly affect repayment of the Loan.

ARTICLE X

MISCELLANEOUS

10.1. **Indemnification.** Borrower agrees to indemnify and hold Lender harmless from any losses, damages, or reasonable costs, including legal expenses, directly resulting from Borrower's material and willful breach of its obligations under this Agreement, to the extent permitted by applicable law. Such indemnification shall not extend to losses, damages, or expenses arising from Lender's negligence, willful misconduct, or actions outside the scope of this Agreement.

This indemnification obligation shall survive only for a period of one year after the Loan has been fully repaid and shall not exceed the limitations imposed by state law on the use of public funds for indemnity purposes.

Lender agrees not to impose additional fees, charges, or penalties beyond those explicitly stated in this Agreement during the Loan Term.

10.2. **Notices.** All notices, requests, demands, consents, waivers, and other communications given under any of the provisions of this Agreement shall be in writing (or by fax, e-mail, or similar electronic transmission confirmed in writing) and shall be deemed to have been duly given or made (i) when delivered by hand, or (ii) if given by mail, three (3) days after deposited in the mails by certified mail, return receipt requested, sufficient postage prepaid, or addressed as stated below, or to such other address as the addressee may have specified in a notice duly given to the other addressees.

10.3 Force Majeure

In the event of a force majeure event, such as natural disasters, pandemics, or other circumstances beyond Borrower's reasonable control, Borrower's obligation to make payments under this Agreement shall be deferred for the duration of the force majeure event. During this deferral period, Borrower and Lender shall cooperate in good faith to assess the impact of the event and determine appropriate measures, including adjustments to the repayment schedule, to address Borrower's ability to fulfill its obligations.

Joliet Public Library:

City of Joliet:

Signature of Authorized Representative

Signature of Authorized Representative

Name and Title

Name and Title

Date

Date