



City of Chicago



SO2013-2593

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	4/10/2013
Sponsor(s):	Emanuel, Rahm (Mayor)
Type:	Ordinance
Title:	Loan restructure and subordination for North Larrabee, L.P.
Committee(s) Assignment:	Committee on Finance

SUBSTITUTE ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and as such may legislate as to matters which pertain to its local government and affairs; and

WHEREAS, the City has determined that the continuance of a shortage of affordable housing to persons of low and moderate income is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, the City, pursuant to the Home Investment Partnership Program, received from the United States Department of Housing and Urban Development an allocation of funds ("HOME Program") to make loans and grants to expand the long-term supply of affordable housing through, among other things, acquisition, new construction, reconstruction and moderate and substantial rehabilitation in low- and moderate-income areas; and

WHEREAS, on or about November 19, 2001, the City made a loan of HOME funds in the principal amount of \$3,041,918, with an interest rate of one percent per annum and a term not to exceed 30 years (the "Loan"), to North Larrabee Limited Partnership, an Illinois limited partnership ("Borrower"); and

WHEREAS, the Loan was secured by, among other things, that certain Junior Mortgage Security Agreement and Financing Statement dated as of November 1, 2001, made by the Borrower in favor of the City (the "Mortgage"); and

WHEREAS, proceeds of the Loan were used to provide for the acquisition and construction of a project consisting of one multi-family housing building by the Borrower located generally at 551 West North Avenue, Chicago, Illinois 60610 (the "Property"); and

WHEREAS, the sole general partner of the Borrower is Renaissance Family, L.L.C., an Illinois limited liability company ("General Partner"), and NJK Venture, LLC, an Illinois limited liability company, is the managing member of the General Partner; and

WHEREAS, the Mortgage is subordinate to that certain Mortgage dated as of November 1, 2001, securing a loan in the amount of \$4,850,000 (the "Senior Loan"), made by the Borrower in favor of Harris Trust and Savings Bank, an Illinois banking corporation, now known as BMO Harris Bank, N.A., a national banking association; and

WHEREAS, the Borrower desires to refinance the Senior Loan and to execute a mortgage in connection with the Property in favor of a new senior lender (the "New First Mortgage") and has requested that the City approve a proposed restructuring of the Loan; and

WHEREAS, the City's Department of Housing and Economic Development ("HED") desires to approve a restructuring (the "Restructuring") of the Loan in a manner which (1) will not alter the principal balance of the Loan, (2) may alter the interest rate on the principal balance of the Loan at the discretion of the Commissioner of HED, (3) will extend the maturity date of the Loan, (4) will reduce the payments of principal of the Loan to begin on the Initial Payment Date (as defined that certain Note dated as of November 1, 2001 executed by the

Borrower in favor of the City in connection with the Loan) from the amount of \$31,132.75 monthly to the amount of \$20,000.00 annually and (5) will subordinate the lien of the Mortgage to the lien of the New First Mortgage, and any regulatory agreement by and between Borrower and the U.S. Department of Housing and Urban Development (collectively, the "Material Terms"); now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Restructuring is hereby approved as described above. The Commissioner of HED (the "Commissioner") or a designee of the Commissioner (each, an "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable, in connection with the implementation of the Restructuring. Each Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with any future restructuring of the Loan which does not substantially modify the Material Terms.

SECTION 3. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago (the "Municipal Code") or any other ordinance or mayoral executive order, no parties other than the owners of the Property as of the date following the date of the closing of the Restructuring (collectively, the "Owner"), any legal entities which are direct owners in excess of 7.5% of the Owner which changed in connection with the Restructuring, and all legal entities who constitute the direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel), shall be required to provide to the City the document commonly known as the "Economic Disclosure Statement and Affidavit" (or any successor to such document) in connection with the Restructuring.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 5. This ordinance shall be effective as of the date of its passage and approval.

APPROVED
Richard R. Holt
CORPORATION COUNSEL

APPROVED
Stephen Farnsworth
5/30/12
Mayor

FIN.



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

April 10, 2013

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance authorizing the execution of a loan modification and subordination for North Larrabee, LP.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

CHICAGO May 8, 2013

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

A substitute ordinance concerning the authority to enter into and execute a Loan Modification and Subordination Agreement with North Larrabee, Limited Partnership.

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Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s).

Respectfully submitted

(signed) *[Handwritten Signature]*

Chairman

Document No. _____

**REPORT OF THE COMMITTEE ON FINANCE
TO THE CITY COUNCIL
CITY OF CHICAGO**

APPROVED
Richard R. Holt
CORPORATION COUNSEL

APPROVED
Stephen L. Townsend
5/30/12
Mayor