



Office of the Chicago City
Clerk

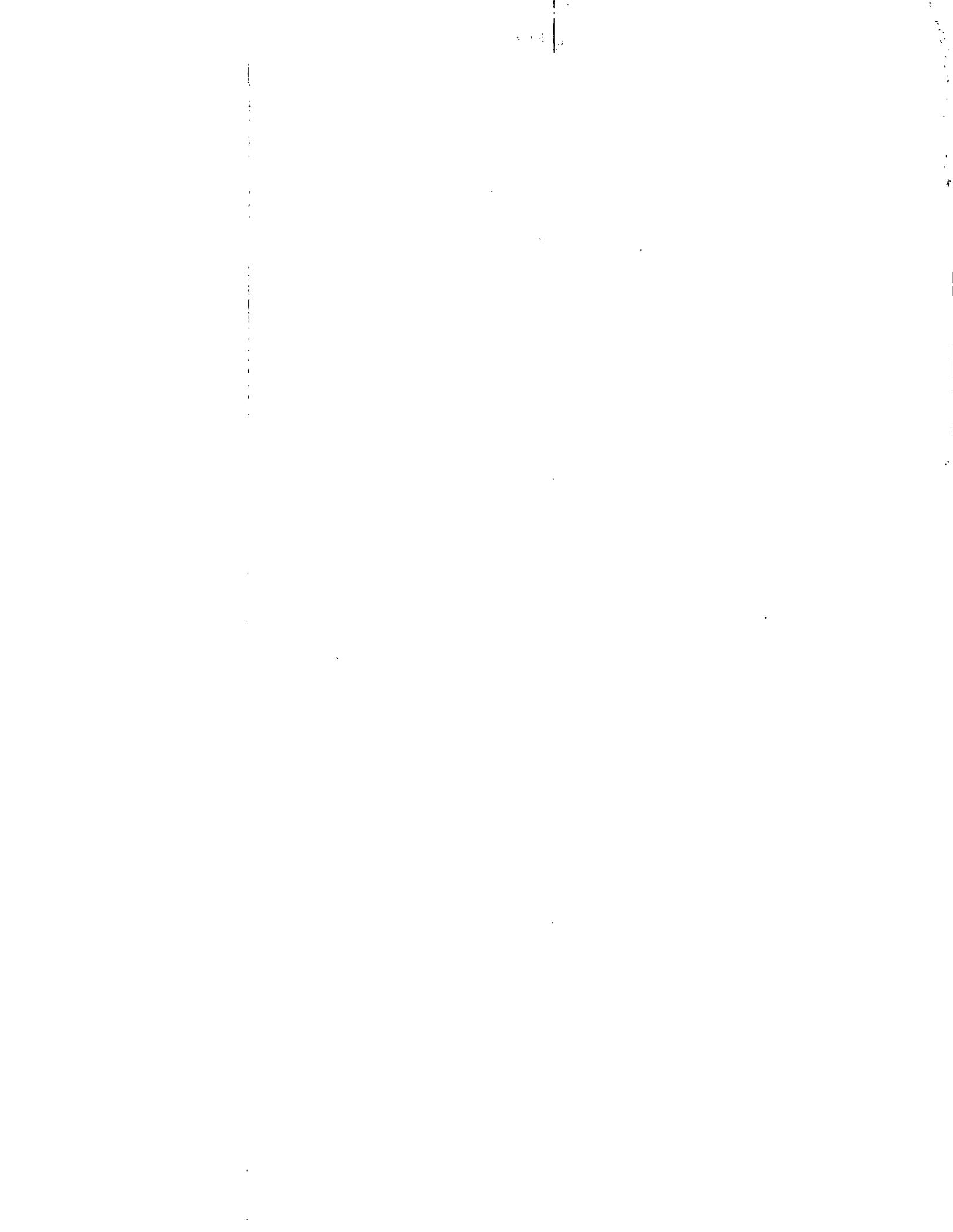


O2011-9770

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date:	12/14/2011
Sponsor(s):	Emanuel, Rahm (Mayor)
Type:	Ordinance
Title:	Loan agreement and associated tax credits for Lakefront Phase II
Committee(s) Assignment:	Committee on Finance



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CHICAGO January 18, 2012

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

An ordinance authorizing the Commissioner of the Department of Housing and Economic Development to enter into and execute a Loan Agreement with Lakefront Phase II, LLC.
O2011-9770

Amount of Loan
not to exceed: \$5,000,000

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

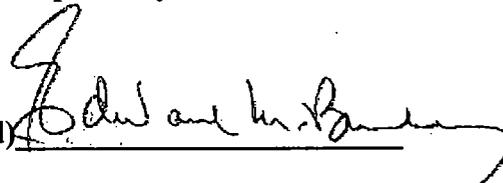
Ordinance Transmitted Herewith

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

Alderman Burke abstains from voting pursuant to Rule 14.

Respectfully submitted

(signed)



Chairman

EXHIBIT A

- BORROWER:** Lakefront Phase II, LLC, an Illinois limited liability company, of which Lakefront Phase II Manager LLC, an Illinois limited liability company (the "Manager") is the manager and others to be hereafter selected as members
- PROJECT:** Acquisition and construction of 13 buildings located between Lake Park Avenue to the west, 40th Place to the north, Oakenwald Avenue to the east, and 42nd Place to the south (the "Property") and of approximately 132 dwelling units contained therein as one-, two- and three-bedroom units for low-income, moderate-income and market rate families
- LOAN:** Source: Multi-Family Program Funds
- Amount: Not to exceed \$5,000,000
- Term: Not to exceed 42 years
- Interest: Not to exceed three percent per annum
- Security: Non-recourse loan; third mortgage on the Property (the "City Mortgage")

Additional Financing

1. Construction Loan

- Amount: \$21,500,000, or such amount as may be acceptable to the Authorized Officer
- Term: Not to exceed 30 months
- Source: U.S. Bank or another entity acceptable to the Authorized Officer
- Interest: A variable interest rate to be calculated at LIBOR plus 275 basis points, or such interest rate as may be acceptable to the Authorized Officer
- Security: Mortgage on the Property senior to the City Mortgage, the CHA Mortgage (as defined below), and the DTC Mortgage (as defined below)

2. Permanent Loan

- Amount: \$2,450,000, or such amount as may be acceptable to the Authorized Officer
- Term: Not to exceed 42 years
- Source: U.S. Bank or another entity acceptable to the Authorized Officer
- Interest: Market rate (fixed), not to exceed 12 percent per annum or such interest rate as may be acceptable to the Authorized Officer

Security: Mortgage on the Property senior to the City Mortgage, the CHA Mortgage (as defined below), and the DTC Mortgage (as defined below)

3. Chicago Housing Authority Loan

Amount: Approximately \$13,925,000, or such amount as may be acceptable to the Authorized Officer

Term: Not to exceed 42 years

Source: Chicago Housing Authority or another entity acceptable to the Authorized Officer

Interest: Not to exceed three percent per annum or such interest rate as may be acceptable to the Authorized Officer

Security: Mortgage on the Property (the "CHA Mortgage") senior to the City Mortgage

4. Illinois Department of Commerce and Economic Opportunity Grant

Amount: Approximately \$568,000, or such amount as may be acceptable to the Authorized Officer

Source: Davis Lakefront LLC, an Illinois limited liability company and the owner of the Manager or another entity acceptable to the Authorized Officer, from the proceeds of a grant from the Illinois Department of Commerce and Economic Development to the Borrower or another source acceptable to the Authorized Officer

5. Donation Tax Credit Loan

Amount: Approximately \$783,000, or such amount as may be acceptable to the Authorized Officer, will be derived from the sale by the Chicago Housing Authority of approximately \$1,350,000, or such amount as may be acceptable to the Authorized Officer, in Illinois Donations Tax Credits allocated by the City

Term: Not to exceed 42 years

Source: Chicago Housing Authority or another entity acceptable to the Authorized Officer

Interest: Zero percent per annum or such interest rate as may be acceptable to the Authorized Officer

Security: Mortgage on the Property (the "DTC Mortgage") junior to the City Mortgage

6. Low-Income Housing Tax Credit ("LIHTC") Proceeds

Amount: Approximately \$28,173,000, or such amount as may be acceptable to the Authorized Officer, a portion of which will repay the Construction Loan

Source: To be derived from the syndication of the LIHTCs allocated to the Project

7. Manger Contribution

Amount: \$10,100

Source: Manager or another entity acceptable to the Authorized Officer



FIN.
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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 14, 2011

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

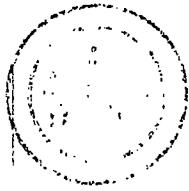
Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance authorizing the execution of a loan agreement and associated tax credits for Lakefront Phase II.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,


Mayor



ORDINANCE

WHEREAS, the City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low and moderate income; and

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

WHEREAS, the City has certain funds available from a variety of funding sources ("Multi-Family Program Funds") to make loans and grants for the development of multi-family residential housing to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, and such Multi-Family Program Funds are administered by the City's Department of Housing and Economic Development ("HED"); and

WHEREAS, HED has preliminarily reviewed and approved the making of a loan to Lakefront Phase II, LLC, an Illinois limited liability company (the "Borrower") of which Lakefront Phase II Manager LLC, an Illinois limited liability company is the manager, in an amount not to exceed \$5,000,000 (the "Loan"), to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof, and to undertake the project described in Exhibit A (the "Project"); **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. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the Commissioner of HED (the "Commissioner") and a designee of the Commissioner (collectively, the "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 Loan. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to the Borrower.

SECTION 3. The Project shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Section 2-45-110 of the Municipal Code of Chicago shall not apply to the Project or the Property.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, 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
[Signature]
CORPORATION COUNSEL

APPROVED
[Signature]
1/31/12
Mayor