



City of Chicago



O2015-2674

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	4/15/2015
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Intergovernmental agreement with Chicago Housing Authority for property at 3520 S Cottage Grove Ave
Committee(s) Assignment:	Committee on Housing and Real Estate



HSG-

OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

April 15, 2015

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing the execution of an Intergovernmental Agreement with the Chicago Housing Authority regarding property located at 3520 S. Cottage Grove.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor



THE UNIVERSITY OF CHICAGO

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AMENDMENT TO ORDINANCE

WHEREAS, pursuant to an ordinance adopted by the City Council (the "**City Council**") of the City of Chicago (the "**City**") on October 8, 2014, and published at pages 92274 through 92324 in the Journal of the Proceedings of the City Council of such date (the "**Project Ordinance**"), the City, as landlord, entered into a Ground Lease dated as of February 11, 2014, with Quad Communities Arts Recreation and Health Center LLC, an Illinois limited liability company, as tenant ("**Tenant**"); and

WHEREAS, pursuant to the Ground Lease, the City leased the real property legally described on Exhibit A attached hereto (the "**Project Site**") to Tenant for the construction and operation of a new multi-use community recreation center (the "**Project**"); and

WHEREAS, the Project will contain approximately 30,000 square feet, and will include a gymnasium with a basketball court, fitness center, indoor pool, lobby/gallery/meeting hall, locker rooms/restrooms, administrative space, and flexible multi-use art, educational and community spaces; and

WHEREAS, Tenant is an entity created by the Chicago Park District and The Community Builders, Inc., a Massachusetts non-profit corporation ("**TCB**") for the purpose of securing New Markets Tax Credit ("**NMTC**") financing for the Project; and

WHEREAS, the Park District and TCB hold 90% and 10% membership interests, respectively, in Tenant; and

WHEREAS, upon completion of the Project, Tenant will sublease the Project and the Project Site to the Park District for operation in accordance with the terms of a sublease agreement; and

WHEREAS, the Project Site consists of approximately 4.02 acres, and is located near the Oakwood Shores mixed-income residential community, a Chicago Housing Authority ("**CHA**") redevelopment of the former Madden Park/Ida B. Wells/Darrow public housing site; and

WHEREAS, one of the financing sources for the Project is a loan in the amount of \$8 million from the CHA (the "**CHA Funds**"); and

WHEREAS, the United States Department of Housing and Urban Development ("**HUD**") approved the use of CHA Funds for the Project, subject, among other terms and conditions, to the CHA entering into an Intergovernmental Agreement with the City in substantially the form attached hereto as Exhibit B (the "**IGA**"); and

WHEREAS, the IGA obligates the City, as landlord under the Ground Lease, to record a use restriction against the Project Site at CHA's direction upon the satisfaction of certain NMTC financing conditions; and

WHEREAS, the purpose of the IGA is to ensure that the Project will be operated in accordance with certain terms and conditions approved by HUD intended to benefit CHA residents; and

WHEREAS, the Project Ordinance contemplated that the CHA Funds would be subject to certain HUD restrictions, but did not expressly authorize the City to enter into an IGA with the CHA for the purpose of enforcing such use restrictions; and

WHEREAS, Article VII, Section 10 of the 1970 Constitution of the State of Illinois authorizes state and local governing bodies to cooperate in the performance of their responsibilities by contracts and other agreements; and

WHEREAS, the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, similarly authorizes public agencies, including units of local government and school districts, to contract with one another to perform any governmental service, activity or undertaking; and

WHEREAS, the City is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; ***now, therefore,***

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

SECTION 1. The foregoing recitals are hereby adopted as the findings of the City Council.

SECTION 2. The Project Ordinance is hereby amended to permit the City to enter into the IGA with the CHA. The Commissioner of the Department of Planning and Development (the "Commissioner"), or a designee of the Commissioner, is each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the IGA and such other supporting documents as may be necessary or appropriate to carry out and comply with the provisions of the IGA, with such changes, deletions, insertions, terms and provisions as the Commissioner deems appropriate.

SECTION 3. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 4. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 5. This ordinance shall take effect immediately upon its passage and approval.

Attachments: Exhibit A – Legal Description of Project Site
Exhibit B – IGA

EXHIBIT A

LEGAL DESCRIPTION OF PROJECT SITE

PARCEL 1A:

LOTS 1 TO 9 AND THE 16 FOOT VACATED ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 9 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO,

LOTS 1 THROUGH 8 (AND THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 1 THROUGH 5 AND THE SOUTH HALF OF THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 6 THROUGH 8) IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO, ALL IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 1B:

LOTS 1 AND 2 AND THAT PART OF LOT 3 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN TOGETHER WITH VACATED VINCENNES AVENUE, ALL TAKEN AS A TRACT, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 1 IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO IN SECTION, TOWNSHIP AND RANGE AFORESAID, BEING ALSO A POINT ON THE NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG SAID NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE 411.74 FEET TO THE NORTHEAST CORNER OF LOT 1 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SECTION, TOWNSHIP AND RANGE AFORESAID BEING ALSO A POINT ON THE SOUTH LINE OF THE ORIGINAL 66 FOOT WIDE EAST 35TH STREET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST ALONG THE LAST MENTIONED SOUTH LINE 19.76 FEET TO ITS POINT OF INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE SOUTHWESTERLY LINE OF THE 66 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, ALONG THE LAST MENTIONED SOUTHWESTERLY LINE AND ITS NORTHWESTERLY EXTENSION 501.04 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 300.00 FEET NORTH OF AND PARALLEL WITH THE CENTER LINE OF VACATED EAST 36TH STREET; THENCE SOUTH 69 DEGREES 38 MINUTES 18 SECONDS WEST ALONG THE LAST MENTIONED PARALLEL LINE 150.00 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 150.00 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SOUTH COTTAGE GROVE AVENUE AFORESAID; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST ALONG THE LAST MENTIONED PARALLEL LINE 21.38 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 3; THENCE NORTH 77 DEGREES 14 MINUTES 07 SECONDS WEST ALONG THE SOUTHWESTERLY LINE OF SAID LOT 3 A DISTANCE OF

108.02 FEET TO THE SOUTHEASTERLY LINE OF THE 66 FOOT WIDE VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG THE SOUTHEASTERLY LINE OF VINCENNES AVENUE 120.47 FEET TO THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE; THENCE SOUTH 89 DEGREES 49 MINUTES 53 SECONDS WEST ALONG THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE 67.66 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPT FROM SAID PARCELS 1A AND 1B THAT PART OPENED FOR PUBLIC STREET PURPOSES (A TRIANGULAR SHAPED PART OF THE PROPERTY AT THE SOUTHWESTERLY CORNER OF EAST 35TH STREET AND SOUTH COTTAGE GROVE AVENUE) PURSUANT TO ORDINANCE RECORDED JULY 16, 1971 AS DOCUMENT NUMBER 21549749.

EXHIBIT B

IGA

(ATTACHED)

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF CHICAGO AND
THE CHICAGO HOUSING AUTHORITY**

This Intergovernmental Agreement (the "IGA") is entered into this ___ day of _____, 20___, by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, by and through its Department of Planning and Development, and the Chicago Housing Authority (the "CHA"), a municipal corporation of the State of Illinois.

RECITALS

A. The City is a home rule unit of local government under the 1970 Constitution of the State of Illinois and as such may exercise any power and perform any function pertaining to its government and affairs; and

B. The CHA is engaged in the development and operation of safe, decent and sanitary housing throughout the City of Chicago for low-income families (the "CHA Housing Developments") in accordance with the United States Housing Act of 1937, 42 U.S.C. §1437 et seq., regulations promulgated by the United States Department of Housing and Urban Development ("HUD"), and the State Housing Authorities Act, 310 ILCS 10/1 et seq., as amended, and other applicable laws, regulations and ordinances; and

C. The City and CHA have authority to enter into intergovernmental agreements pursuant to Article VII, Section 10 of the 1970 Constitution of the State of Illinois; and

D. The City and the CHA intend to participate in the construction and completion of an approximately 30,000 square foot multi-use community recreation center for the benefit of the general public (the "Facility") to be located at 3520 South Cottage Grove Avenue, Chicago, Illinois 60637 and legally described on Exhibit A hereto (the "Property"); and

E. The Facility will be known as the Quad Communities Arts and Recreation Center (the "Project") and will be developed by Quad Communities Arts Recreation and Health Center LLC, an Illinois limited liability company ("Quad LLC"). The Facility will provide a Class A arts and recreation center to serve the south side communities of Kenwood, Oakland, Douglas and Grand Boulevard, including the former Madden/Wells/Darrow CHA development currently known as Oakwood Shores. The Facility will include a gymnasium with one basketball court, flexible or multi-use areas, educational and community spaces, a fitness center, an indoor pool, locker rooms, restrooms, and meeting hall or gallery. The Facility will also provide high quality arts and recreational programs for youth, adults, seniors, and families, quality after-school and summer programs for youth, serve as a community anchor that will improve quality of life and assist in facilitating other development through stabilization of the neighborhood; and

F. The Property is owned by the City and will be ground leased to Quad LLC. Pursuant to the terms of the Ground Lease, Quad LLC will sublease the Facility to the Chicago Park District, a body politic and corporate (the "Park District") to operate the Facility; and

G. The Project is being financed in part through a series of loans made to Quad LLC ("Project Loans") by TCB Sub-CDE VII, LLC ("TCB CDE"), IFF Capital VIII LLC ("IFF CDE"), and CNMC Sub-CDE 64, LLC ("CNMC CDE"; collectively with TCB CDE and IFF CDE, the "CDEs", and each, a "CDE"). Indirect sources of the funds used by the CDEs to make the Project Loans,

include New Markets Tax Credit ("NMTC") equity, TIF bridge loan proceeds, and CHA funds that are being loaned (the "CHA Loan") pursuant to that certain Chicago Housing Authority Loan Agreement and Guaranty between CHA and The Community Builders, as TCB Illinois NFP, a Massachusetts not for profit corporation ("CHA Loan Agreement"); and

H. As a condition to providing CHA funds, CHA and HUD have required that the Property be operated in accordance with terms and conditions established by HUD ("HUD Requirements"). Those terms and conditions are set forth below and are to be enforced by the City at all times.

NOW, THEREFORE, in consideration of the foregoing premises and the respective representations, warranties, agreements, covenants and conditions, mutual benefits and detriments herein contained, and other good and valuable consideration, the City and the CHA agree as follows:

1. During the ninety-nine (99) year term of the Ground Lease, the Facility shall be used for the recreational benefit of the general public.
2. Pursuant to a separate agreement between CHA and the Chicago Park District ("CPD"), CPD has agreed to provide certain benefits to CHA residents while CPD is the operator of the Project, including but not limited to: a) a forty-four percent (44%) first priority for CHA families to utilize CPD programming at the facility at no cost to CHA families; and b) an agreement to provide the benefits to CHA families for not less than thirty (30) years from the date of the commencement of CPD program operations at the Facility. The agreement between CHA and CPD is attached hereto and made a part hereof as Exhibit B (the "HUD Requirements").
3. After the discharge in full of the Project Loans owing to the CDEs and after such time as the CDEs and their successors and assigns have no further interest in the Project, the City will record the Use Restriction for the benefit of CHA, set forth in substantial form in Exhibit C attached hereto, for a term ending on the date which is thirty (30) years from the date hereof.
4. The City will enforce the terms of this IGA by including in the Ground Lease its authority to record the Use Restriction memorializing the HUD Requirements at the time set forth in the preceding paragraph. The Ground Lease shall also state that if at any time during the NMTC compliance period the Project is no longer operated by CPD and is instead operated by a third party, including, but not limited to, any entity controlled by a for-profit entity (the "Private User"), the Private User will dedicate one of the club rooms in the Project planned to be approximately 823 square feet for use by CHA and its residents; provided that such restriction shall be removed upon repayment or forgiveness of the CHA Loan. The City shall promptly move to enforce the Ground Lease if there is a default.
5. Notices. All notices and communications concerning this Agreement shall be sent as follows:

If to the CHA: Chicago Housing Authority
60 E. Van Buren, 12th Floor
Chicago, Illinois 60605
Attn: Chief Executive Officer

With a copy to: Chicago Housing Authority

Office of the General Counsel
60 E. Van Buren, 12th Floor
Chicago, Illinois 60605
Attn: General Counsel

If to the City:

Department of Planning and Development
City of Chicago
121 North LaSalle Street
Room 1000, City Hall
Chicago, Illinois 60602
Attn: Commissioner

With a copy to:

City of Chicago
Department of Law
121 North LaSalle Street
Room 600, City Hall
Chicago, Illinois 60602
Attn: Deputy Corporation Counsel
Real Estate and Land Use Division

Unless otherwise specified, any notice, demand, communication or request required hereunder shall be given in writing at the addresses set forth above and shall be effective (a) if given by personal service, upon delivery, (b) if sent by overnight courier, effective on the business day after delivery to such courier, or (c) if sent by registered or certified mail, return receipt requested, effective three (3) business days after mailing. The notice address for a party may be changed by giving notice in the manner in this Section.

6. Amendment No changes, amendments, modifications or discharge of this Agreement, or any part hereof, shall be valid unless in writing and signed by the authorized officer(s) of the City and the CHA or their respective successors and assigns.

7. Assignment Except as set forth in this Agreement, neither the City nor CHA shall assign, delegate or otherwise transfer all or any part of their rights or obligations under this Agreement, or any part hereof, unless as approved in writing by the other parties. The absence of written consent shall void the attempted assignment, delegation or transfer and shall render it of no effect.

8. No Third Party Beneficiary. This Agreement is for the sole and exclusive benefit of the City, the CHA and the Board and their respective successors and assigns.

9. No Joint Venture. Nothing contained in this Agreement may be construed to create or imply any partnership, joint venture or other association between the City, the CHA and /or HUD.

10. Headings. The section headings contained herein are for convenience only and are not intended to limit, expand or modify the provisions of such sections.

11. Non-liability of Public Officials. No official, employee, agent or elected or appointed representative of the City or of the CHA shall be charged personally by the other party with any liability or expense of defense or be held personally liable under any term or

provision of this Agreement or because of City's or the CHA's execution or attempted execution or because of any breach hereof.

12. Counterparts. This Agreement is comprised of two or more identical counterparts, each of which may be fully executed by the parties and, executed, will be deemed an original having identical legal effect.

13. Authority. The persons signing this Agreement certify that they have the power and authority to enter into and execute this Agreement.

14. Severability. If any provision of this Agreement, or any paragraph, sentence, clause, phrase word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

15. Governing Law. This Agreement shall be governed by and construed in accordance with Illinois law, without regard to its conflicts of law principles.

16. Entire Agreement. This Agreement, and the exhibits attached and incorporated hereby, shall constitute the entire Agreement between the Parties and no other warranties, inducements, considerations, promises or interpretations, which are not expressly addressed herein, shall be implied or impressed upon this Agreement.

17. Authority. The mutual conveyances and acceptance of the conveyances are authorized under the Local Government Property Transfer Act and/or the Housing Cooperation Act.

18. Exempt Status. The parties acknowledge that to the extent any of the properties conveyed hereunder were exempt from property taxes on the date of transfer, the basis for such exemption may no longer apply upon transfer of title, and that the transferred land may not continue as exempt unless a new exempt application is submitted by the respective transferee and approved by the tax authorities.

[SIGNATURE PAGE TO FOLLOW]

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

LOTS 1 TO 9 AND THE 16 FOOT VACATED ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 9 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO,

LOTS 1 THROUGH 8 (AND THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 1 THROUGH 5 AND THE SOUTH HALF OF THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 6 THROUGH 8) IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO, ALL IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 1 AND 2 AND THAT PART OF LOT 3 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN TOGETHER WITH VACATED VINCENNES AVENUE, ALL TAKEN AS A TRACT, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 1 IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO IN SECTION, TOWNSHIP AND RANGE AFORESAID, BEING ALSO A POINT ON THE NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG SAID NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE 411.74 FEET TO THE NORTHEAST CORNER OF LOT 1 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SECTION, TOWNSHIP AND RANGE AFORESAID BEING ALSO A POINT ON THE SOUTH LINE OF THE ORIGINAL 66 FOOT WIDE EAST 35TH STREET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST ALONG THE LAST MENTIONED SOUTH LINE 19.76 FEET TO ITS POINT OF INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE SOUTHWESTERLY LINE OF THE 66 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, ALONG THE LAST MENTIONED SOUTHWESTERLY LINE AND ITS NORTHWESTERLY EXTENSION 501.04 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 300.00 FEET NORTH OF AND PARALLEL WITH THE CENTER LINE OF VACATED EAST 36TH STREET; THENCE SOUTH 69 DEGREES 38 MINUTES 18 SECONDS WEST ALONG THE LAST MENTIONED PARALLEL LINE 150.00 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 150.00 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SOUTH COTTAGE GROVE AVENUE AFORESAID; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST ALONG THE LAST MENTIONED PARALLEL LINE 21.38 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 3; THENCE NORTH 77 DEGREES 14 MINUTES 07 SECONDS WEST ALONG THE SOUTHWESTERLY LINE OF SAID LOT 3 A DISTANCE OF

108.02 FEET TO THE SOUTHEASTERLY LINE OF THE 66 FOOT WIDE VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG THE SOUTHEASTERLY LINE OF VINCENNES AVENUE 120.47 FEET TO THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE; THENCE SOUTH 89 DEGREES 49 MINUTES 53 SECONDS WEST ALONG THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE 67.68 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPT FROM SAID PARCELS 1 AND 2 THAT PART OPENED FOR PUBLIC STREET PURPOSES (A TRIANGULAR SHAPED PART OF THE PROPERTY AT THE SOUTHWESTERLY CORNER OF EAST 35TH STREET AND SOUTH COTTAGE GROVE AVENUE) PURSUANT TO ORDINANCE RECORDED JULY 16, 1971 AS DOCUMENT NUMBER 21549749.

EXHIBIT B

**AGREEMENT BY AND BETWEEN CHA AND CPD IS ATTACHED
HERETO AS EXHIBIT B-1**



**CHICAGO HOUSING
AUTHORITY**

Z. Scott
Chairman

Matthew Brown

Mark Canal

Dr. Michael Harris

Harriet Johnson

John Q. Marshall

M. Bridget Rieby

Rodrigo A. Sierra

President Washington

Board of Commissioners

Michael B. McDonald
Chief Executive Officer

February 11, 2015

Michael P. Kelly
General Superintendent and CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Re: Quad Communities Arts & Recreation Center

Dear Mr. Kelly,

The Chicago Housing Authority (CHA) intends to provide a loan in the amount of Eight Million and No/100 (\$8,000,000) for the construction of an arts and recreation center to be known as the Quad Communities Arts and Recreation Center (QCARC). The QCARC will be developed by Quad Communities Arts Recreation and Health Center LLC (Quad LLC) and subleased and operated by the Chicago Park District (Park District).

The Park District will be a ninety percent (90%) owner of Quad LLC and intends to incur costs of more than Six Hundred Twelve Thousand and No/100 Dollars (\$612,000.00) annually for the operation and maintenance of the QCARC.

As a condition of the loan and as required by the U.S. Department of Housing and Urban Development (HUD) certain programming benefits at the QCARC must be attributable to CHA residents. The CHA and the Park District have agreed to the benefits set forth as follows:

1. CHA residents shall have a first priority to utilize forty-four percent (44%) of the programming slots for the QCARC Day Camp, Park Kids, Tots Swim, and any other program provided by the Park District within the QCARC. The Park District will administer this priority by allowing CHA residents to register for programs ten (10) days prior to opening registration to the general public.

CHA residents will pay no registration fees and no program costs for utilizing up to 44% of the programming slots. CHA will pay no registration fees and no program costs for CHA residents utilizing up to 20% of the programming slots. CHA will pay a Fifteen and No/100 Dollar (\$15) registration fee and no program costs for CHA residents utilizing 21% to 44% of the programming slots. CHA residents will pay a \$15 registration fee and CHA will pay the program costs for CHA residents utilizing 45% to 100% of the programming slots.

Chicago Housing Authority
60 E. Van Buren
12th Floor
Chicago, IL 60605
312-742-7500
www.thecha.org

2. CHA residents shall also have a first priority to utilize forty-four percent (44%) of the program slots for any free program provided by the Park District to the general public at no costs to CHA residents and at no cost to CHA.
3. The Park District will continue to honor the CHA camp vouchers for all CHA residents.
4. The operating benefits provided herein shall remain in effect for thirty (30) years from the commencement of the programs offered by the Park District and shall be included in that certain Net Sublease between QUAD LLC and the Park District dated February 11, 2015

This letter agreement supplements the terms and conditions set forth in the Net Sublease, is agreed upon by the parties and is intended to be a legally binding and enforceable contract. The failure of the Park District to adhere to the terms of this letter agreement shall be a default under the Net Sublease.

Execution of this letter agreement signifies your acceptance of the foregoing terms and conditions. The effective date of this side letter agreement shall be as of the date accepted below.

CHICAGO HOUSING AUTHORITY
an Illinois municipal corporation

By: 
Michael R. Merchant
Chief Executive Officer

Date: 2/10/15

Accepted:

CHICAGO PARK DISTRICT
a body politic and corporate and a unit of local government under Article VII, Section 1 of the 1970 Constitution of the State of Illinois.

By: _____
Michael P. Kelly
General Superintendent and
Chief Executive Officer

Date: _____

2. CHA residents shall also have a first priority to utilize forty-four percent (44%) of the program slots for any free program provided by the Park District to the general public at no costs to CHA residents and at no cost to CHA.
3. The Park District will continue to honor the CHA camp vouchers for all CHA residents.
4. The operating benefits provided herein shall remain in effect for thirty (30) years from the commencement of the programs offered by the Park District and shall be included in that certain Net Sublease between QUAD LLC and the Park District dated February 11, 2015

This letter agreement supplements the terms and conditions set forth in the Net Sublease, is agreed upon by the parties and is intended to be a legally binding and enforceable contract. The failure of the Park District to adhere to the terms of this letter agreement shall be a default under the Net Sublease.

Execution of this letter agreement signifies your acceptance of the foregoing terms and conditions. The effective date of this side letter agreement shall be as of the date accepted below.

CHICAGO HOUSING AUTHORITY
an Illinois municipal corporation

By: _____
Michael R. Merchant
Chief Executive Officer

Date: _____

Accepted:

CHICAGO PARK DISTRICT
a body politic and corporate and a unit of local government under Article VII, Section 1 of the 1970 Constitution of the State of Illinois.

By: 
Michael P. Kelly
General Superintendent and
Chief Executive Officer

Date: 2/10/2015

EXHIBIT C

**CHA FORM USE RESTRICTION IS ATTACHED HERETO
AS EXHIBIT C-1**

This instrument was prepared by and after recording, this instrument should be returned to:

**Pamela E. Cash
Assistant General Counsel
Office of the General Counsel
Chicago Housing Authority
60 E. Van Buren St., 12th Fl.
Chicago, Illinois 60605**

**QUAD COMMUNITIES ARTS AND RECREATION CENTER
USE RESTRICTION AGREEMENT**

This QUAD COMMUNITIES ARTS AND RECREATION CENTER USE RESTRICTION AGREEMENT (“Agreement”) is made and entered into this ___ day of _____, 20__ (the “Effective Date”) by and between the CITY OF CHICAGO, an Illinois municipal corporation, (“CITY”) and QUAD COMMUNITIES ARTS RECREATION AND HEALTH CENTER LLC,, an Illinois limited liability company (“QUAD LLC”).

RECITALS:

A. The City is a home rule unit of local government under the 1970 Constitution of the State of Illinois and as such may exercise any power and perform any function pertaining to its government and affairs; and

B. Quad LLC is the owner and operator of an arts and recreation center known as Quad Communities Arts and Recreation Center (the “Quad”); and

C. The Quad is located on land owned by the City and transferred via Ground Lease to Quad LLC located at 3520 South Cottage Grove Avenue, Chicago, Illinois 60637 and legally described on Exhibit A hereto; and

D. The City has entered into an Intergovernmental Agreement with the Chicago Housing Authority, an Illinois municipal corporation (“CHA”) to enforce certain restrictions in the Ground Lease and to record this Agreement setting forth the restrictions below.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

- :
1. **Recitals.** The foregoing recitals are hereby incorporated and made a part hereof.

 2. **Use Restrictions.** The parties agree that the Quad shall be operated as an arts and recreation center for a term of thirty (30) years from the date of the commencement of program operations described below and shall provide the programs for CHA families set forth in the agreement between CHA and the Chicago Park District, an Illinois municipal corporation (“CPD”) and attached hereto as **Exhibit B** and made a part hereof.

Upon the termination of this Use Restriction Agreement hereunder the City shall, upon Quad LLC's written request, furnish Quad LLC with a recordable release of such use restriction to further evidence termination.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

EXHIBIT A

PARCEL 1:

LOTS 1 TO 9 AND THE 16 FOOT VACATED ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 TO 9 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO,

LOTS 1 THROUGH 8 (AND THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 1 THROUGH 5 AND THE SOUTH HALF OF THE VACATED ALLEY LYING NORTH OF AND ADJOINING LOTS 6 THROUGH 8) IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO, ALL IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 1 AND 2 AND THAT PART OF LOT 3 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO IN THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN TOGETHER WITH VACATED VINCENNES AVENUE, ALL TAKEN AS A TRACT, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 1 IN WESTON'S SUBDIVISION OF LOTS 4, 7 AND 8 IN BLOCK 4 OF ELLIS' WEST ADDITION TO CHICAGO IN SECTION, TOWNSHIP AND RANGE AFORESAID, BEING ALSO A POINT ON THE NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG SAID NORTHWESTERLY LINE OF VACATED VINCENNES AVENUE 411.74 FEET TO THE NORTHEAST CORNER OF LOT 1 IN SUBDIVISION OF LOT 3 IN BLOCK 4 IN ELLIS' WEST OR FIRST ADDITION TO CHICAGO, A SUBDIVISION OF THE WEST 86.06 ACRES OF THE SECTION, TOWNSHIP AND RANGE AFORESAID BEING ALSO A POINT ON THE SOUTH LINE OF THE ORIGINAL 66 FOOT WIDE EAST 35TH STREET; THENCE NORTH 89 DEGREES 58 MINUTES 08 SECONDS EAST ALONG THE LAST MENTIONED SOUTH LINE 19.76 FEET TO ITS POINT OF INTERSECTION WITH THE NORTHWESTERLY EXTENSION OF THE SOUTHWESTERLY LINE OF THE 66 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE SOUTH 19

DEGREES 58 MINUTES 00 SECONDS EAST, ALONG THE LAST MENTIONED SOUTHWESTERLY LINE AND ITS NORTHWESTERLY EXTENSION 501.04 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 300.00 FEET NORTH OF AND PARALLEL WITH THE CENTER LINE OF VACATED EAST 36TH STREET; THENCE SOUTH 69 DEGREES 38 MINUTES 18 SECONDS WEST ALONG THE LAST MENTIONED PARALLEL LINE 150.00 FEET TO ITS POINT OF INTERSECTION WITH A LINE DRAWN 150.00 FEET SOUTHWESTERLY OF AND PARALLEL WITH THE SOUTHWESTERLY LINE OF SOUTH COTTAGE GROVE AVENUE AFORESAID; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST ALONG THE LAST MENTIONED PARALLEL LINE 21.38 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 3; THENCE NORTH 77 DEGREES 14 MINUTES 07 SECONDS WEST ALONG THE SOUTHWESTERLY LINE OF SAID LOT 3 A DISTANCE OF 108.02 FEET TO THE SOUTHEASTERLY LINE OF THE 66 FOOT WIDE VINCENNES AVENUE; THENCE NORTH 12 DEGREES 32 MINUTES 00 SECONDS EAST ALONG THE SOUTHEASTERLY LINE OF VINCENNES AVENUE 120.47 FEET TO THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE; THENCE SOUTH 89 DEGREES 49 MINUTES 53 SECONDS WEST ALONG THE SOUTH LINE OF THE AFORESAID VACATED VINCENNES AVENUE 67.66 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPT FROM SAID PARCELS 1 AND 2 THAT PART OPENED FOR PUBLIC STREET PURPOSES (A TRIANGULAR SHAPED PART OF THE PROPERTY AT THE SOUTHWESTERLY CORNER OF EAST 35TH STREET AND SOUTH COTTAGE GROVE AVENUE) PURSUANT TO ORDINANCE RECORDED JULY 16, 1971 AS DOCUMENT NUMBER 21549749.

EXHIBIT B

(See Attached)



CHA
CHICAGO HOUSING
AUTHORITY

Z. Scott
Chairperson

Assistant Secretary
Mark Casal
Dr. Mildred Harris
Harriet Johnson
John G. Markowski
M. Rodrigo Ruddy
Rodrigo A. Sierra
Francisco Washington
Board of Commissioners

Michael R. Marchant
Chief Executive Officer

February 11, 2015

Michael P. Kelly
General Superintendent and CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Re: Quad Communities Arts & Recreation Center

Dear Mr. Kelly,

The Chicago Housing Authority (CHA) intends to provide a loan in the amount of Eight Million and No/100 (\$8,000,000) for the construction of an arts and recreation center to be known as the Quad Communities Arts and Recreation Center (QCARC). The QCARC will be developed by Quad Communities Arts Recreation and Health Center LLC (Quad LLC) and subleased and operated by the Chicago Park District (Park District).

The Park District will be a ninety percent (90%) owner of Quad LLC and intends to incur costs of more than Six Hundred Twelve Thousand and No/100 Dollars (\$612,000.00) annually for the operation and maintenance of the QCARC.

As a condition of the loan and as required by the U.S. Department of Housing and Urban Development (HUD) certain programming benefits at the QCARC must be attributable to CHA residents. The CHA and the Park District have agreed to the benefits set forth as follows:

1. CHA residents shall have a first priority to utilize forty-four percent (44%) of the programming slots for the QCARC Day Camp, Park Kids, Tots Swim, and any other program provided by the Park District within the QCARC. The Park District will administer this priority by allowing CHA residents to register for programs ten (10) days prior to opening registration to the general public.

CHA residents will pay no registration fees and no program costs for utilizing up to 44% of the programming slots. CHA will pay no registration fees and no program costs for CHA residents utilizing up to 20% of the programming slots. CHA will pay a Fifteen and No/100 Dollar (\$15) registration fee and no program costs for CHA residents utilizing 21% to 44% of the programming slots. CHA residents will pay a \$15 registration fee and CHA will pay the program costs for CHA residents utilizing 45% to 100% of the programming slots.

Chicago Housing Authority
60 E. Van Buren
12th Floor
Chicago, IL 60605
312-742-7500
www.thecha.org

2. CHA residents shall also have a first priority to utilize forty-four percent (44%) of the program slots for any free program provided by the Park District to the general public at no costs to CHA residents and at no cost to CHA.
3. The Park District will continue to honor the CHA camp vouchers for all CHA residents.
4. The operating benefits provided herein shall remain in effect for thirty (30) years from the commencement of the programs offered by the Park District and shall be included in that certain Net Sublease between QUAD LLC and the Park District dated February 11, 2015

This letter agreement supplements the terms and conditions set forth in the Net Sublease, is agreed upon by the parties and is intended to be a legally binding and enforceable contract. The failure of the Park District to adhere to the terms of this letter agreement shall be a default under the Net Sublease.

Execution of this letter agreement signifies your acceptance of the foregoing terms and conditions. The effective date of this side letter agreement shall be as of the date accepted below.

CHICAGO HOUSING AUTHORITY
an Illinois municipal corporation

By: Michael R. Merchant
Michael R. Merchant
Chief Executive Officer

Date: 2/10/15

Accepted:

CHICAGO PARK DISTRICT
a body politic and corporate and a unit of local government under Article VII, Section 1 of the 1970 Constitution of the State of Illinois.

By: _____
Michael P. Kelly
General Superintendent and
Chief Executive Officer

Date: _____

2. CHA residents shall also have a first priority to utilize forty-four percent (44%) of the program slots for any free program provided by the Park District to the general public at no costs to CHA residents and at no cost to CHA.
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an Illinois municipal corporation

By: _____
Michael R. Merchant
Chief Executive Officer

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By: 
Michael P. Kelly
General Superintendent and
Chief Executive Officer

Date: 2/10/2015