



City of Chicago



O2021-790

Office of the City Clerk

Document Tracking Sheet

Meeting Date: 2/24/2021

Sponsor(s): Lightfoot (Mayor)

Type: Ordinance

Title: Restructuring Agreement of mortgage, note and federal HOME Investment Partnership Program from original borrower, C & F 89th & Loomis Joint Venture to new owner, Brainerd Senior LLC for property at 8901-8925 S Loomis Ave

Committee(s) Assignment: Committee on Finance

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 that pertain to its local government and affairs; and

WHEREAS, the City has determined that the continuance of a shortage of affordable housing for 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 ("HOME Program"), received from the United States Department of Housing and Urban Development an allocation of funds ("HOME Funds") 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 January 28, 2000, the City made a loan of HOME Funds in the principal amount of \$1,837,846, with an interest rate of zero percent per annum and a term not to exceed 30 years (the "Loan"), to 89th & Loomis Limited Partnership, an Illinois limited partnership ("Original Borrower"); and

WHEREAS, the City made the Loan to the Original Borrower on or about January 28, 2000 as evidenced by that certain Housing Loan Agreement (the "City Loan Agreement") dated as of January 28, 2000, the Loan being secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated as of January 28, 2000, made by the Original Borrower in favor of the City (the "Mortgage"), and which is further evidenced by that certain Note dated as of January 28, 2000 made by the Original Borrower in favor of the City in the original principal amount of the Loan (the "Note"), that certain Regulatory Agreement executed by Original Borrower on January 28, 2000 (the "Regulatory Agreement") and that certain Assignment of Rents and Leases executed by Original Borrower on January 28, 2000, collectively, (the "City Loan Documents"); and

WHEREAS, proceeds of the Loan were used to provide for the acquisition, construction and equipping by the Original Borrower of a 60-unit mixed-income senior citizen multi-family building, located generally at 8901-25 South Loomis Avenue, Chicago, Illinois 60620 (the "Property"); and

WHEREAS, the sole general partner of the Original Borrower is C & F 89th & Loomis Joint Venture, an Illinois joint venture partnership, whose managing general partner is S.B.F. Holdings, Inc, an Illinois corporation; and

WHEREAS, the Mortgage is subordinate to that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated as of January 28, 2000 that was made by the Original 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, securing a loan in the amount of \$895,000 (the "Senior Loan"); and

WHEREAS, the Original Borrower desires to transfer the Property and its rights, duties and obligations under the City Loan Documents to Brainerd Senior, LLC, an Illinois limited liability

company ("Replacement Borrower"), the sole member of which is Full Circle Communities, Inc., an Illinois not-for-profit corporation; and

WHEREAS, the Replacement Borrower desires to finance the acquisition of the Property by executing a new mortgage in connection with the Property in favor of National Equity Fund, Inc., an Illinois not-for-profit corporation, or with any other financial institution that is acceptable to the Commissioner of DOH (as defined below) (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 ("DOH") desires to approve a restructuring (the "Restructuring") of the Loan in a manner that will (1) not alter the principal balance of the Loan, (2) not alter the interest rate on the principal balance of the Loan, (3) not extend the maturity date of the Loan, and (4) subordinate the lien of the Mortgage to the lien of the New First Mortgage, (5) consent to the transfer of the Property to the Replacement Borrower, and (6) consent to the assignment and assumption of the City Loan documents from the Original Borrower to the Replacement Borrower (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 DOH (the "Commissioner of DOH") or a designee of the Commissioner of DOH (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 that does not substantially modify the Material Terms.

SECTION 3. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago ("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 that are direct owners in excess of 7.5% of the Owner that changed in connection with the Restructuring, and all legal entities that 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 in full force and effect immediately upon its passage and approval.

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OFFICE OF THE MAYOR
CITY OF CHICAGO

LORI E. LIGHTFOOT
MAYOR

February 24, 2021

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

Ladies and Gentlemen:

At the request of the Commissioner of Housing, I transmit herewith an ordinance authorizing the execution of mortgage, note and regulatory agreements for the Brainerd Senior Center.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Lori E. Lightfoot
Mayor

APPROVED

Celia Meza
CORPORATION COUNSEL

DATED: 3/30/21

APPROVED

Lori E. Lightfoot ^(cm)
MAYOR

DATED: 3/30/21