

ORDINANCE

WHEREAS, by virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois (the "**Constitution**"), the City of Chicago (the "**City**") is a home rule unit of government and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City has determined that there exists within the City a serious shortage of decent, safe and sanitary housing available for persons of low- and moderate-income and that the continuance of a shortage of affordable housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, as a home rule unit and pursuant to the Constitution, the City is authorized and empowered to issue multi-family housing revenue obligations for the purpose of financing the cost of the acquisition, rehabilitation, construction, development, and equipping affordable multi-family housing facilities for low- and moderate-income families located in the City; and

WHEREAS, the City also 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 ("**DOH**"); and

WHEREAS, TTG Indian Trails Limited Partnership, an Illinois limited liability partnership (the "**Borrower**"), the general partner of which is TTG Indian Trails LLC, an Illinois limited liability company (the "**General Partner**"), of which The Transcend Development Group LLC, a Delaware limited liability company, is the manager and sole member, intends to acquire three five-story multi-family residential buildings located at 221-3 East 121st Place and 12141 South Indiana Avenue (the "**Property**"), and commence and complete rehabilitation of the Property to provide 179 units of affordable housing to low-income individuals and families (the "**Project**"); and

WHEREAS, by this Ordinance, the City Council has determined that it is necessary and in the best interests of the City to enter into a funding loan agreement (the "**Funding Loan Agreement**") by and among the City, a bank or other financial institution (the "**Funding Lender**") designated by the CFO (as hereinafter defined), pursuant to which the City will borrow a principal amount not to exceed Thirty-One Million Dollars (\$31,000,000) (the "**Funding Loan**") for a portion of the purposes set forth above and, in evidence of its limited, special obligation to repay that borrowing, issue a tax-exempt revenue note, to be designated as the Multifamily Mortgage Revenue Note, 2025 Series A (Indian Trails Apartments Project) (the "**Note**") under the terms and conditions of this Ordinance and the Funding Loan Agreement, and the City will thereafter loan the proceeds of the Funding Loan to the Borrower (the "**Borrower Loan**") pursuant to a borrower loan agreement (the "**Borrower Loan Agreement**") between the City and the Borrower, as evidenced by that certain Borrower promissory note (the "**Borrower Note**"), in order to finance a portion of the cost of the Project in return for loan payments sufficient to pay, when due, the principal of, prepayment premium, if any, and interest on the Note; and

WHEREAS, the principal of, prepayment premium, if any, and interest payable on the Note will be secured by, among other things, the Borrower Note, a mortgage on the Property and certain other related collateral, by certain capital contributions to be made to the Borrower by its limited partner(s) in connection with the allocation to the Borrower of federal low-income housing

tax credits and by pledges and/or assignments of certain funds, personal property, and contractual rights of the Borrower and its affiliates; and

WHEREAS, the Funding Loan and the Note and the obligation to pay interest thereon do not now and shall never constitute an indebtedness of or an obligation of the City, the State of Illinois or any political subdivision thereof, within the purview of any Constitutional limitation or statutory provision, or a charge against the general credit or taxing powers of any of them. No party to the Funding Loan Agreement or holder of the Borrower Note shall have the right to compel the taxing power of the City, the State of Illinois or any political subdivision thereof to pay any principal installment of, prepayment premium, if any, or interest on the Borrower Note or obligations under the Funding Loan Agreement; and

WHEREAS, in connection with the execution and delivery of the Funding Loan Agreement and the issuance of the Note, the City Council has determined by this Ordinance that it is necessary and in the best interests of the City to enter into (i) the Funding Loan Agreement, providing for the security for and terms and conditions of the Funding Loan, and the Note to be issued thereunder, (ii) the Borrower Loan Agreement providing for the loan of the proceeds of the Funding Loan to the Borrower and the use of such proceeds, (iii) one or more tax regulatory agreements and/or tax certificates (each, a **"Tax Agreement"** and collectively, the **"Tax Agreements"**) between the City and the Borrower, and (iv) a Land Use Restriction Agreement between the City and the Borrower (the **"Land Use Restriction Agreement"**); now, therefore,

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

Section 1. Incorporation of Recitals. The recitals contained in the preambles to this Ordinance are hereby incorporated into this Ordinance by this reference. All capitalized terms used in this Ordinance, unless otherwise defined herein, shall have the meanings ascribed thereto in the Funding Loan Agreement or the Redevelopment Agreement, as applicable.

Section 2. Findings and Determinations. The City Council hereby grants authority to the Chief Financial Officer of the City (the Chief Financial Officer, being referred to herein as the **"CFO"**) to determine to sell the Note on such terms as and to the extent the CFO determines that such terms are desirable and in the best financial interest of the City. Any such designation and determination by the CFO shall be signed in writing by the CFO and filed with the City Clerk and shall remain in full force and effect for all purposes of this Ordinance unless and until revoked, such revocation to be signed in writing by the CFO and filed with the City Clerk. As used herein, the term "Chief Financial Officer" shall have the meaning given to such term in Section 1-4-090(k) of the Municipal Code of Chicago (the **"Municipal Code"**).

Section 3. Authorization of the Funding Loan Agreement, the Note, the Borrower Loan Agreement and Related Agreements. Upon the approval and availability of the additional financing as shown in **Exhibit A** (the **"Additional Financing"**), the execution and delivery of the Funding Loan Agreement and the issuance of the Note in a principal amount not to exceed \$31,000,000 are hereby authorized. The principal amount of the Note to be issued, and its division into one or more series of Notes, if applicable, shall be as set forth in the Funding Loan Notification referred to in **Section 6** below.

The Funding Loan Agreement and the Note shall contain a provision that they are executed and delivered under authority of this Ordinance. The maximum term of the Funding Loan shall not exceed 40 years from the date of execution and delivery of the Note. The Note shall bear interest at a rate or rates equal to the rate of interest on the Borrower Loan as provided

in the Borrower Loan Agreement (which shall not exceed the lesser of 10.0% or the maximum rate of interest allowable under state law) and shall be as determined by the Authorized Officer and shall be payable on the payment dates set forth in the Funding Loan Agreement and the Funding Loan Notification. The Note shall be dated, shall be subject to prepayment, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the Funding Loan Agreement, the form(s) of the Note therein and the Funding Loan Notification. The provisions for execution, signatures, payment and prepayment, with respect to the Funding Loan Agreement and the Note shall be as set forth in the Funding Loan Agreement and the form(s) of the Note therein.

Each of (i) the Mayor of the City (the "**Mayor**"), the (ii) Chief Financial Officer, (iii) any other official of the City so designated by a Certificate (as defined below) signed by the Mayor or the CFO and (iv) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office (the Mayor, the CFO, City Clerk or any such other official being referred to as an "**Authorized Officer**") is hereby authorized to execute by their manual or, in the case of the Note, manual or facsimile signature, and to deliver on behalf of the City, and the City Clerk and the Deputy City Clerk are hereby authorized to attest by their manual or, in the case of the Note, manual or facsimile signature, the Funding Loan Agreement and the Note, in substantially the form attached hereto as **Exhibit B** and made a part hereof and hereby approved, with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such officer's approval of any changes or revisions from the form of the Funding Loan Agreement and Note therein attached to this Ordinance and reflecting the terms as determined in the Funding Loan Notification.

"**Certificate**" as used herein means an instrument of the City in writing signed by an Authorized Officer. Any such instrument in writing and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants, or engineers, respectively, unless the officer signing such instrument knows that the opinion or representation with respect to the matters upon which such instrument may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel or accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture or any Supplemental Indenture, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

Each Authorized Officer is hereby authorized to act as an authorized City representative of the City for the purposes provided in the Funding Loan Agreement.

An Authorized Officer is hereby authorized to execute and deliver on behalf of the City, and the City Clerk and the Deputy City Clerk are hereby authorized to attest, the Borrower Loan Agreement in substantially the form attached hereto as **Exhibit C**, and made a part hereof and hereby approved, with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the City Council's approval of any changes or revisions from the form of the Borrower Loan Agreement and the Borrower Note therein attached to this Ordinance and reflecting the terms as determined in the Funding Loan Notification.

An Authorized Officer is hereby authorized to execute and deliver one or more Land Use Restriction Agreements on behalf of the City, in substantially the form attached hereto as

Exhibit D and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the City Council's approval of any changes or revisions from the form of the Land Use Restriction Agreement attached to this Ordinance and reflecting the terms as determined in the Funding Loan Notification.

An Authorized Officer is hereby authorized to execute and deliver and the City Clerk and the Deputy City Clerk are hereby authorized to attest the Tax Agreements on behalf of the City, in substantially the forms of such documents used in previous tax-exempt multi-family housing financings (with appropriate revisions to reflect the terms and provisions of the Funding Loan Agreement and the Note and the applicable provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations promulgated thereunder), and with such other revisions in text as the Authorized Officer executing the same shall determine are necessary or desirable in connection with the exclusion from gross income for federal income tax purposes of interest on the Note. The execution of the Tax Agreements by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the Tax Agreements.

An Authorized Officer is hereby authorized to execute and deliver on behalf of the City such security or collateral documents securing payment of the Note as the Authorized Officer regards as appropriate, in substantially the form of the security documents used in previous issuances of tax-exempt bonds pursuant to programs similar to the Note, with appropriate revisions to reflect the terms and provisions of the Note and with such other revisions as the Authorized Officer executing the same shall determine are appropriate and consistent with the other provisions of this Ordinance. The execution of security or collateral documents by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in such documents.

Section 4. Security for the Funding Loan Agreement and the Note. The obligations of the City under the Funding Loan Agreement and the Note shall be limited obligations of the City, payable solely from and/or secured by a pledge of the following security (other than certain Unassigned Rights of the City):

(a) all right, title and interest of the City in, to and under the Borrower Loan Agreement and the Borrower Note, including, without limitation, all rents, revenues and receipts derived by the City from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments derived by the City under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under the Funding Loan Agreement shall not impair or diminish the obligations of the City under the provisions of the Borrower Loan Agreement;

(b) all right, title and interest of the City in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Agreement, and all other payments, revenues and receipts derived by the City under and pursuant to, and subject to the provisions of, the Funding Loan Agreement;

(c) any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under the Funding Loan Agreement, subject to the provisions of the Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(d) any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of the Funding Loan Agreement as additional security by the City or anyone on its part or with its consent, or which pursuant to any of the provisions of the Borrower Loan Agreement may come into the possession or control of the Funding Lender (as defined below) or a receiver appointed pursuant to the Funding Loan Agreement;

(e) certain capital contributions to be made to the Borrower by its limited partner(s) in accordance with the terms and conditions of the partnership agreement of the Borrower in connection with the allocation to the Borrower of federal low-income housing tax credits and certain other funds, personal property and contractual rights of the Borrower and its affiliates pledged and/or assigned to the Funding Lenders (defined herein); and

(f) a mortgage and assignment of leases and rents on and security interest in the Project and related collateral.

In order to secure the payment of the principal of, prepayment premium, if any, and interest on the Note, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the Funding Loan Agreement and are hereby appropriated for the purposes set forth in the Funding Loan Agreement. Nothing contained in this Ordinance shall limit or restrict the subordination of the pledge of such rights, proceeds and investment income as set forth in the Funding Loan Agreement to the payment of any other obligations of the City enjoying a lien or claim on such rights, proceeds and investment income as of the date of execution and delivery of the Funding Loan Agreement and the Note, all as shall be determined by the Authorized Officer at the time of the execution and delivery of the Funding Loan Agreement and the Note. The Funding Loan Agreement shall set forth such covenants with respect to the application of such rights, proceeds and investment income as shall be deemed necessary by the Authorized Officer in connection with the execution and delivery of the Funding Loan Agreement and the Note.

Section 5. Delivery of the Funding Loan Agreement Sale and Delivery of Note.

Subject to the terms and conditions of the Funding Loan Agreement and such additional terms as are set forth in the Funding Loan Notification with the approval of an Authorized Officer, the Note shall be sold and delivered to the Funding Lender. The Funding Lender shall hold the Note, subject to the terms and conditions of the required transferee representations (the "**Required Transferee Representations**") which shall be delivered to the City by the Funding Lender. Any subsequent funding lender approved by an Authorized Officer, to the extent required under the Funding Loan Agreement, may succeed the initial Funding Lender as the registered holder of the Funding Loan, but only if such subsequent funding lender executes and delivers to the City the Required Transferee Representations, substantially in the form of the Required Transferee Representations set forth in the Funding Loan Agreement. The aggregate costs of origination of the Funding Loan paid from the proceeds of the Funding Loan to the Funding Lender shall not exceed one and one half percent (1.5%) of the principal amount of the Note.

Section 6. Funding Loan Notification. Subsequent to the execution and delivery of the Funding Loan Agreement and the sale of the Note, the Authorized Officer shall file in the Office of the City Clerk a Funding Loan Notification for the Funding Loan Agreement and the Note directed to the City Council setting forth (i) the original principal amount of, maturity schedule, redemption provisions for and nature of the Note sold, (ii) the extent of any tender rights to be granted to the Funding Lender, (iii) the interest rates on the Note and/or a description of the method of determining the interest rates applicable to the Note from time to time, (iv) the origination fee or other compensation paid to the Funding Lender in connection with the

origination of the Funding Loan and issuance of the Note, and (v) any other matter authorized by this Ordinance to be determined by an Authorized Officer at the time of the sale of the Note ("**Funding Loan Notification**"). There shall be attached to such notification the final form of the Funding Loan Agreement, a specimen of the Note and the final form of the Borrower Loan Agreement.

Section 7. Limited Obligations. The Note, when issued and outstanding, will be a limited obligation of the City, payable solely as provided in the Funding Loan Agreement. The Note and the interest thereon shall never constitute a debt or general obligation or a pledge of the faith, the credit or the taxing power of the City within the meaning of any Constitutional or statutory provision of the State of Illinois. The Note shall be payable solely from the funds pledged therefor pursuant to the terms of the Funding Loan Agreement herein described.

Section 8. Use of Proceeds. The proceeds from the Funding Loan (as evidenced by the sale of the Note) shall be deposited as provided in the Funding Loan Agreement and used for the Project.

Section 9. Proxies. Each Authorized Officer may designate another to act as their respective proxy and to affix their respective signatures to the Note, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by such Authorized Officer pursuant to this Ordinance or the Funding Loan Agreement. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Authorized Officer, respectively. A written signature of the Mayor or the Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the Journal and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Authorized Officer in person.

Section 10. Additional Authorization. Each Authorized Officer and the City Treasurer are each hereby authorized to execute and deliver and the City Clerk and the Deputy City Clerk are each hereby authorized to enter into, execute and deliver such other documents and agreements, including, without limitation, any documents necessary to evidence the receipt or assignment of any collateral for the Funding Loan Agreement and the Note, the Borrower Loan Agreement or the Borrower Note from the Borrower, and perform such other acts as may be necessary or desirable in connection with the City Agreements (as defined in **Section 21** hereof), including, but not limited to, the exercise following the delivery date of the City Agreements of any power or authority delegated to such official under this Ordinance with respect to the City Agreements upon original execution and delivery, but subject to any limitations on or restrictions of such power or authority as herein set forth. Notwithstanding anything contained herein (including but not limited to **Section 3** hereof), if any portion of the Additional Financing is not approved and available at such time as the Authorized Officer and the Authorized DOH Officer otherwise deem it in the best interest of the City to execute the City Agreements, then the Authorized Officer and the Authorized DOH Officer may so execute the City Agreements (with such changes thereto as the Authorized Officer and the Authorized DOH Officer deem necessary and advisable) and any necessary ancillary documents and may impose such conditions upon the approval and availability of such Additional Financing as they deem necessary and advisable.

Section 11. Public Hearing. This City Council hereby directs that the Note shall not be issued unless and until the requirements of Section 147(f) of the Code, including particularly the approval requirement following any required public hearing, have been fully satisfied, and that no contract, agreement or commitment to issue the Note shall be executed or undertaken prior to satisfaction of the requirements of said Section 147(f) unless the performance of said contract, agreement or commitment is expressly conditioned upon the prior satisfaction of such requirements. To the extent that such requirements are satisfied prior to the date of this Ordinance, this Ordinance shall constitute formal approval thereof. All such actions taken prior to the enactment of this Ordinance are hereby ratified and confirmed.

Section 12. Severability. 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 remaining provisions of this Ordinance.

Section 13. Administrative Fee. The City's Department of Housing ("DOH") is hereby authorized to charge an administrative fee or fees in connection with the delivery and administration of the Funding Loan Agreement and the Note, which shall be collected under such terms and conditions as determined by the City's Commissioner of Housing or her designee (the "**Authorized DOH Officer**") and which shall be in an amount as determined by the Authorized DOH Officer but not to exceed the maximum amount permitted under Section 148 of the Code to avoid characterization of the Funding Loan Agreement and the Note as "arbitrage bonds" as defined in such Section 148. Such administrative fee or fees shall be used by DOH for administrative expenses and other housing activities. Initially, such administrative fee or fees shall be an amount equal to (i) 1.5% of the original principal amount of the Note payable upon issuance of the Note, plus (ii) an on-going compliance fee of \$25 per unit payable annually.

Section 14. Reserve for Legal Expenses. The City is authorized to assess a legal reserve fee with respect to the Project, payable upon issuance of the Note from the proceeds of the Note or from funds contributed by the Borrower, which shall be in an amount equal to 0.10% of the original principal amount of the Note. Such fee shall be used by the City to pay legal costs or other expenses in connection with the Project, the Note, or other City issuances.

Section 15. No Recourse. No recourse shall be had for the payment of the principal of, prepayment premium, if any, or interest on the Note or for any claim based thereon or upon any obligation, covenant or agreement contained in this Ordinance, the Funding Loan Agreement, the Note, the Borrower Loan Agreement, the Land Use Restriction Agreement or the Tax Agreement (collectively, the "**City Agreements**") against any past, present or future officer, member or employee of the City, or any officer, employee, director or trustee of any successor, as such, either directly or through the City, or any such successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability, of any such member, officer, employee, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the City Agreements and the issuance of the Note.

Section 16. No Impairment. 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 be controlling. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to

render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this Ordinance or the instruments authorized by this Ordinance or to impair the rights of the holders of the Funding Loan and the Note to receive payment of the principal of, prepayment premium, if any, or interest on the Note or to impair the security for the Funding Loan Agreement and the Note; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

Section 17. Affordable Housing. The Project (as described on ***Exhibit A*** hereto) shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code.

Section 18. Special Exceptions. In order to ensure clarity in the applicable affordability restrictions, the requirements of Sections 2-44-080 through 2-44-105, inclusive, of the Municipal Code shall not apply to multi-family housing projects: (i) which receive loans or grants from the City (including from bond proceeds, funds from grants received by the City or corporate funds, but excluding loans and grants funded solely by revenues from the Affordable Housing Opportunity Fund as described in Section 2-44-085(1) of the Municipal Code), and/or which are eligible for tax credits administered by the City in connection with Section 42 of the Internal Revenue Code of 1986, as amended, or 20 ILCS 3805/7.28; and (ii) for which the applicable loan, grant and/or tax credit documents have not been executed and delivered by the City as of the effective date of this ordinance.

Section 19. Effective Date. This Ordinance shall take effect upon its passage and approval.