

SUBSTITUTE 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, pursuant to an ordinance adopted on October 27, 2021, and published at pages 40213-40503 of the Journal of the Proceedings of the City Council of the City (the "Journal") of such date, the City Council of the City (the "City Council") authorized the issuance of general obligation bonds in one or more series, in an aggregate principal amount not to exceed \$660,000,000 for the Chicago Recovery Plan, to finance the costs of the Recovery Purposes (as defined therein); and

WHEREAS, Department of Housing ("DOH") has preliminarily reviewed and approved the making of a grant or loan to Earle School, LLC, a Wisconsin limited liability company (the "Owner"), of which Earle School MM, LLC, a Wisconsin limited liability company is the managing member, in an amount not to exceed \$462,658 (the "City Funds"), to be funded from Chicago Recovery Plan funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; and

WHEREAS, pursuant to ordinances adopted on March 29, 2006, published in the Journal of the Proceedings of the City Council of the City (the "City Council") for such date at pages 72958 to 73124, and under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1 et seq., as amended (the "Act"), the City Council: (i) approved a redevelopment plan and project (the "Plan") for a portion of the City known as the "63rd/Ashland Redevelopment Project Area" (the "Area"); (ii) designated the Area as a "redevelopment project area" within the requirements of the Act; and (iii) adopted tax increment financing for the Area (the "TIF Ordinance"); and

WHEREAS, the Plan and/or the Area were first amended pursuant to an ordinance adopted by the City Council on September 8, 2010, and published at pages 98411- 98459 of the Journal of such date (as amended, the "Plan" and the "Area"); and

WHEREAS, the Owner has entered into a contract to purchase the former Charles W. Earle School building from the Board of Education of the City of Chicago, which building is located at 1711 West 61st Street (previously assigned an address of 6121 South Hermitage Avenue) in the City (the "Property"); and

WHEREAS, by this ordinance, the City has determined that it is necessary and in the best interest of the City to provide additional financing from the TIF Fund (as defined below) to the Owner and/or the Foundation (as defined below) to pay or reimburse a portion of the costs of the rehabilitation of the building on the Property for the creation of an affordable, multi-family development offering permanent supportive housing services, comprising approximately fifty (50) residential rental housing units for low- and moderate-income households earning between 15%-60% area median income, related amenities, and up to forty-seven (47) parking spaces (and as further described in Exhibit A, the "Project"); and

WHEREAS, the Project is necessary for the redevelopment of the Area; and

WHEREAS, the Owner and the Foundation will be obligated to undertake the Project in accordance with the Plan and the terms and conditions of a proposed redevelopment agreement to be executed by the Developer (as defined below) and the City, with the Project to be financed in part by certain pledged incremental taxes (the "Incremental Taxes") deposited from time to time in the Special Tax Allocation Fund for the Area (as defined in the TIF Ordinance, the "TIF Fund") pursuant to Section 5/11-74.4-8(b) of the Act; and

WHEREAS, pursuant to Resolution 23-CDC-36 adopted by the Community Development Commission of the City (the "Commission") on October 12, 2023, the Commission has recommended that the Owner and/or its affiliated entities be designated as the developer for the Project and that DOH be authorized to negotiate, execute, and deliver on behalf of the City a redevelopment agreement with the Developer; 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 Housing (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 City Funds. 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 City Funds 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 City Funds to the Owner.

SECTION 3. 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 of Chicago (the "Municipal Code").

SECTION 4. Section 2-44-085 of the Municipal Code shall not apply to the Project or the Property.

SECTION 5. The Owner and Celesterling Foundation, an Illinois not for profit corporation doing business as Phoenix Foundation, NFP (the "Foundation") are hereby collectively designated as the "Developer" for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 6. The Commissioner of the Department of Planning and Development (the "DPD Commissioner") and a designee of the DPD Commissioner (collectively, the "Authorized DPD Officer") are each hereby authorized, with the approval of the Corporation Counsel, to negotiate, execute and deliver a redevelopment agreement between the Developer and the City substantially in the form attached hereto as Exhibit B and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary or appropriate to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment

Agreement.

SECTION 7. The City Council hereby finds that the City is authorized to pay an amount not to exceed \$4,200,000 (the "City TIF Funds") from Incremental Taxes deposited in the general account of the TIF Fund (the "General Account") to the Developer or one of the entities that comprise the Developer to finance a portion of the eligible costs included within the Project. The proceeds of the City TIF Funds are hereby appropriated for the purposes set forth in this Section 6.

SECTION 8. The Mayor, the Chief Financial Officer, the City Clerk, the Commissioner (or his or her designee), the DPD Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 9. 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 10. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

GRANTEE: Earle School, LLC, a Wisconsin limited liability company (the "Owner"), of which Earle School MM, LLC, a Wisconsin limited liability company (the "Managing Member") is the managing member, and/or Celesterling Foundation, an Illinois not for profit corporation doing business as Phoenix Foundation, NFP (the "Foundation").

PROJECT: Acquisition and rehabilitation of the former Charles W. Earle School building located at 1711 West 61st Street, Chicago, Illinois (the "Property") to create approximately fifty (50) residential rental housing units, related amenities, and up to forty-seven (47) parking spaces in an affordable, multi-family development offering permanent supportive housing services, where all the units shall be for low- and moderate-income households earning between 15%-60% area median income

1. TIF GRANT

Amount: \$4,200,000
Source: City TIF Funds
Lien: Redevelopment Agreement recorded prior to any loan or mortgage documents

2. GRANT

Amount: Not to exceed \$462,658
Source: Multi-Family Program Funds or Chicago Recovery Plan funds granted by the City to the Owner
Term: Not to exceed 32 years, which includes the construction period, or such other term acceptable to the Commissioner of Housing or a designee or successor thereof (the "Authorized Officer")
Alternate Structure: If so determined by the Authorized Officer, any portion of Chicago Recovery Plan funds described above may be loaned by the City to the Grantee. Repayment of such loan may be secured by a mortgage on the Project, junior to the Senior Mortgage, the Tax Credit Bridge Loan Mortgage, the TIF Bridge Loan Mortgage, the IHDA Loan (each as defined below) and/or such other security acceptable to the Authorized Officer, at 0% interest per annum or such other interest rate acceptable to the Authorized Office, and/or such other security acceptable to the Authorized Officer

ADDITIONAL FINANCING:

3. TIF BRIDGE LOAN

Amount: Not to exceed \$2,100,000 or such other amount acceptable to the Authorized Officer

Source: Merchants Bank of Indiana or such other source acceptable to the Authorized Officer

Term: Not to exceed 30 months or such other term acceptable to the Authorized Officer

Interest: Not to exceed floating 300 basis points over 30-day SOFR (with all-in floor of 3.50%) or such other rate acceptable to the Authorized Officer

Security: Mortgage on the Project (the "TIF Bridge Loan Mortgage") junior to the Senior Mortgage (as described below) and/or such other security acceptable to the Authorized Officer

4. TAX CREDIT BRIDGE LOAN

Amount: Not to exceed \$20,000,000 or such other amount acceptable to the Authorized Officer

Source: Merchants Bank of Indiana or such other source acceptable to the Authorized Officer

Term: Not to exceed 30 months or such other term acceptable to the Authorized Officer

Interest: Not to exceed floating 300 basis points over 30-day Secured Overnight Financing Rate ("SOFR") (with all-in floor of 4.00%) or such other rate acceptable to the Authorized Officer

Security: Mortgage on the Project (the "Tax Credit Bridge Loan Mortgage"), junior to the Senior Mortgage (as described below), and the TIF Bridge Loan Mortgage and/or such other security acceptable to the Authorized Officer

Conversion or Refinance to Permanent: All or a portion of the Tax Credit Bridge Loan is expected to be repaid upon its maturity, in part, with the proceeds of a forthcoming permanent loan to be made to the Grantee, as described below, and in part with proceeds of the investor member's equity contributions

5. PERMANENT LOAN

Amount: Not to exceed \$3,000,000 or such other amount acceptable to the Authorized Officer

Source: Merchants Capital Corp., Fannie Mae, Freddie Mac, or such other source acceptable to the Authorized Officer

Term: Not to exceed 17 years, commencing upon completion of construction, or such other term acceptable to the Authorized Officer

Interest: Not to exceed 9% per annum or such other lesser rate acceptable

to the Authorized Officer
Security: First priority Mortgage on the Project and/or such other security acceptable to the Authorized Officer (the "Senior Mortgage")

6. ILLINOIS HOUSING DEVELOPMENT AUTHORITY ("IHDA") LOAN

Proceeds: Not to exceed \$3,700,000 or such other amount acceptable to the Authorized Officer
Source: Illinois Housing Development Authority
Term: Not to exceed 32 years, which includes the construction period, or such other term acceptable to the Authorized Officer
Interest: Not to exceed 0% per annum or such other interest rate acceptable to the Authorized Officer
Security: Mortgage on Project, junior to the Senior Mortgage, the Tax Credit Bridge Loan Mortgage, the TIF Bridge Loan Mortgage, and/or such other security acceptable to the Authorized Officer (the "IHDA Mortgage")

7. TIF GRANT LOAN FROM THE FOUNDATION

Amount: Not to exceed \$4,200,000 or such other amount acceptable to the Authorized Officer
Term: Not to exceed 32 years, which includes the construction period or such other term that is acceptable to the Authorized Officer
Source: The City TIF Funds (as defined in the ordinance) may be received by the Foundation, the proceeds of which will then be loaned to by the Foundation to the Grantee for the Project for TIF eligible costs
Interest: Not to exceed the applicable federal rate or such other interest rate acceptable to the Authorized Officer
Security: Mortgage on the Property junior to the lien of the Senior Mortgage, the Tax Credit Bridge Loan Mortgage, the TIF Bridge Loan Mortgage, IHDA Mortgage or other security acceptable to the Authorized Officer (the "TIF Mortgage")

8. ENERGY GRANT LOAN FROM THE FOUNDATION

Amount: Approximately \$224,949 or such other amount acceptable to the Authorized Officer
Term: Not to exceed 32 years, which includes the construction period or such other term that is acceptable to the Authorized Officer
Source: ComEd Energy Efficiency Program grant funds may be received by the Celesterling Foundation, an Illinois not for profit corporation doing business as Phoenix Foundation, NFP (the "Foundation"), the proceeds of which will then be loaned by the Foundation to the Grantee for the Project

Interest: 3% or such other lesser interest rate acceptable to the Authorized Officer

Security: Mortgage on the Property junior to the lien of the Senior Mortgage, the Tax Credit Bridge Loan Mortgage, the IHDA Mortgage, the TIF Bridge Loan Mortgage, AHP Mortgage, the TIF Mortgage, or other security acceptable to the Authorized Officer (the "Energy Grant Mortgage")

9. FEDERAL HOME LOAN BANK OF CHICAGO AFFORDABLE HOUSING PROGRAM GRANT LOAN FROM THE FOUNDATION

Amount: Not to exceed \$1,000,000 or such other amount acceptable to the Authorized Officer

Term: Not to exceed 32 years, which includes the construction period or such other term that is acceptable to the Authorized Officer

Source: Federal Home Loan Bank of Chicago will advance such funds to Farmers-Merchants Bank of Illinois or its successor, which will advance such funds to the Foundation, which funds will then be loaned by the Foundation to the Grantee for the Project

Interest: Not to exceed the applicable federal rate or another rate acceptable to the Authorized Officer

Security: Mortgage on the Property (the "AHP Mortgage") junior to the lien of the Senior Mortgage, the Tax Credit Bridge Loan Mortgage, the TIF Bridge Loan Mortgage, the IHDA Mortgage, the TIF Mortgage, the Energy Grant Mortgage or other security acceptable to the Authorized Officer

10. LOW-INCOME HOUSING TAX CREDIT ("LIHTC") EQUITY

Proceeds: Approximately 13,498,650 or such other amount acceptable to the Authorized Officer

Source: To be derived from the syndication of \$1,500,000 annual allocation by IHDA

11. FEDERAL HISTORIC PRESERVATION TAX CREDIT EQUITY

Proceeds: Approximately \$4,834,186

Source: To be derived from the syndication of \$5,371,855 allocation by the Federal Government

12. ILLINOIS HISTORIC PRESERVATION TAX CREDIT EQUITY

Proceeds: Approximately \$2,219,778

Source: To be derived from the syndication of \$3,000,000 allocation by the State of Illinois

13. MANAGING MEMBER EQUITY

Amount:	\$100
Source:	Earle School MM, LLC

EXHIBIT B

FORM OF REDEVELOPMENT AGREEMENT

See attached.