

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 which pertain to its local government and affairs; and

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

WHEREAS, the City received from the United States Department of Housing and Urban Development an allocation of funds pursuant to the HOME Investment Partnerships Program ("**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, pursuant to an ordinance passed by the City Council of the City (the "**City Council**") on May 5, 2004, and published at pages 22272 through and including 22454 of the Journal of the Proceedings of the City Council for that date, the City authorized the Department of Housing ("**DOH**") to enter into a transaction generally involving the following elements: (1) a loan of HOME Funds in the amount of \$1,828,000 with an interest rate of zero percent per annum and a term not to exceed 40 years (the "**HOME Loan**") to Pioneer Gardens Senior Housing Limited Partnership, an Illinois limited partnership (the "**Original Borrower**"); and (2) the issuance of tax-exempt multi-family housing revenue bonds in an amount not to exceed \$13,000,000 (the "**Bonds**") for the acquisition, construction, and equipping of an eight-story assisted living residential rental housing development for seniors, commonly known as Pioneer Gardens Supportive Living Facility, containing approximately 120 affordable units, and generally located at 3800, 3804, 3808, 3810, and 3814 South Dr. Martin Luther King Drive, Jr. with parking lots located at 3744 and 3746 South Calumet Avenue, all in Chicago, Illinois (the "**Project**"); and

WHEREAS, on or about August 30, 2004, the City made the HOME Loan, issued the Bonds in the principal amount of \$11,340,000, and facilitated the use of low-income housing tax credits ("**LIHTC**") in the amount of \$866,108 for the Project; and

WHEREAS, the HOME Loan, the Bonds, and LIHTC were evidenced by, among other things, (a) that certain Housing Loan Agreement executed by the Original Borrower dated as of August 1, 2004 (the "**Document Date**") (the "**Loan Agreement**"); (b) a note dated as of the Document Date made by the Original Borrower in favor of the City (the "**Note**"); and (c) two separate regulatory agreements, each dated as of the Document Date, one in connection with the HOME Loan and LIHTC, and another in connection with the Bonds (the "**Regulatory Agreements**"); and the HOME Loan was secured by, among other things, that certain Junior Mortgage, Security and Financing Statement dated as of the Document Date (such mortgage, together with the Loan Agreement, the Note, the Regulatory Agreements, and any other documents executed for the benefit of the City in connection with the Project, the "**City Documents**"); and

WHEREAS, the sole general partner of the Original Borrower is Pioneer Gardens Development L.L.C., an Illinois limited liability company, the sole member of which is South Park Affordable Housing and Services, Inc., an Illinois not-for-profit corporation; and

WHEREAS, the Original Borrower desires to sell the Project and transfer its rights, duties, obligations, and guaranties under the City Documents to 3800 King Properties LLC, an Illinois limited liability company (the "**New Borrower**"), which intends to have the Project rebranded as "Eden Bronzeville," to be managed and operated by Eden Bronzeville LLC, an Illinois limited liability company, pursuant to a lease with the New Borrower, and therefore, the Original Borrower seeks the City's consent to undertake all such action in accordance with the City Documents (the "**Restructuring**"); and

WHEREAS, DOH desires to approve the Restructuring in a manner that (1) will not alter the principal balance of the HOME Loan; (2) will not alter the interest rate on the principal balance of the HOME Loan; (3) will not extend the maturity date of the HOME Loan; (4) will not alter the lien position of the HOME Loan or the recorded City Documents; (5) will not alter the affordability restrictions imposed by the City Documents; (6) will consent to the sale and transfer of the Original Borrower's rights, duties, obligations, and guaranties under the City Documents and the assumption of the same by the New Borrower; and (7) at the time of transfer, will release the Original Borrower from its rights, duties, obligations and guaranties under the City Documents (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 Housing (the "**Commissioner**") or a designee of the Commissioner (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 HOME Loan that does not substantially modify the Material Terms.

SECTION 3. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago (the "**Municipal Code**") or any other ordinance or mayoral executive order, no parties other than (a) the owners and operators of the Property as of the date following the date of the closing of the Restructuring (collectively, the "**Owner**"); (b) any legal entities which are direct or indirect owners in excess of 7.5% of the Owner and which changed in connection with the Restructuring; and (c) any legal entities that constitute direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel) and which changed in connection with the Restructuring, 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 take effect upon its passage and approval.