

ORDINANCE

WHEREAS, by virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois (the "**State**"), 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 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, as a home rule unit and pursuant to the Constitution, the City is authorized and empowered to finance costs of the acquisition, construction, renovation, rehabilitation, development, and equipping of affordable multi-family housing facilities for low- and moderate-income families located in the City ("**Multi-Family Housing Financing**"), and to issue multi-family housing revenue bonds or loan or grant other legally available funds of the City for such purpose; and

WHEREAS, by this ordinance, the City Council of the City (the "**City Council**") has determined that it is necessary and in the best interests of the City to provide Multi-Family Housing Financing to The Martha HHDC LIHTC LLC, an Illinois limited liability company (the "**Borrower**"), the managing member of which is HHDC Martha Manager LLC, an Illinois limited liability company (the "**Seller**"); and

WHEREAS, the City proposes to assist the Borrower in financing a portion of the costs of acquiring from the Seller, through the acquisition of 100% of the membership interests of The Martha HHDC LLC, an Illinois limited liability company (the "**Owner**"), and to assist the Owner in rehabilitating and equipping the Martha Washington Apartments, a multifamily housing development, consisting of a five-story building, containing 104 units (consisting of a mix of 4 studio units, 87 one-bedroom units and 13 two-bedroom units) of which 100% will be affordable for households earning no more than 80 percent of the area median income, and at least 40% of which units are expected to be leased to individuals or families whose annual income does not exceed 60% of area median income, as well as an allocable portion of residential amenities for the tenants thereof, and located at 2324 West Irving Park Road, Chicago, Illinois (the "**Project**"), all to be owned by the Owner; and

WHEREAS, the site on which the Project will be situated, as legally described on **Exhibit D** attached hereto and made a part hereof shall be known as the "**Property**"; and

WHEREAS, the Borrower desires to obtain Multi-Family Housing Financing from the City for the purpose of financing a portion of the costs of acquiring, rehabilitating and equipping the Project, and to pay a portion of the costs of issuance and other costs incurred in connection therewith; and

WHEREAS, by this ordinance, the City Council has determined that it is necessary and in the best interests of the City to issue its Multifamily Housing Revenue Bonds (Martha Washington Apartments), Series 2025 (the "**Bonds**") (which shall be special limited obligations of the City) to finance costs of acquiring the Project; and

WHEREAS, in connection with the issuance of the Bonds, the City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into (i) a Trust Indenture (the "**Trust Indenture**") among the City, a trustee to be selected by the Chief Financial Officer (the "**Trustee**"), the Borrower and the Seller providing for the security for and terms and conditions of the Bonds to be issued, (ii) a Tax Regulatory Agreement among the City, the Owner and the Trustee (the "**Tax Regulatory Agreement**"), placing certain restrictions on the Property in connection with the tax-exempt status of the Bonds and (iii) an arbitrage certificate, tax regulatory agreement and/or tax certificate (a "**Tax Agreement**") between the City and the Borrower; and

WHEREAS, the Bonds 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 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 owner of the Bonds shall have the right to compel the taxing power of the City, the State or any political subdivision thereof to pay any principal installment of, prepayment premium, if any, or interest on the Bonds; and

WHEREAS, there has been presented to this meeting of the City Council forms of the following documents in connection with the Bonds:

(a) the form of Trust Indenture, which includes a form of the Bonds to be issued by the City (attached as **Exhibit B** hereto); and

(b) the form of Tax Regulatory Agreement (attached as **Exhibit C** hereto); and

WHEREAS, the Borrower and the Owner now desire to obtain financing from various sources including, but not limited to, the proceeds from the sale of the Bonds loaned to the Borrower, all such financing as described in **Exhibit A**; 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.

SECTION 2. Findings and Determinations. The City Council hereby finds and determines that the delegations of authority that are contained in this ordinance, including the authority to make the specific determinations described herein, are necessary and desirable. Thus, authority is granted to the Chief Financial Officer or the City Comptroller (each such officer, being referred to herein as the "**Authorized Officer**") to determine to sell the Bonds on such terms as and to the extent such officer determines that such sale or sales is desirable and in the best financial interest of the City. Any such designation and determination by the Authorized Officer shall be signed in writing by the Authorized Officer 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 Authorized Officer and filed with the City Clerk.

SECTION 3. Authorization of Bonds. Upon the approval and availability of the additional financing as shown in **Exhibit A** (the "**Additional Financing**"), the issuance of the

Bonds in an aggregate principal amount of not to exceed Fourteen Million Dollars (\$14,000,000) is hereby authorized.

The Bonds shall contain a provision that they are issued under authority of this ordinance. The Bonds shall not mature later than thirty-five (35) years after the date of issuance thereof. The Bonds shall bear interest at a rate or rates not to exceed nine percent (9%) per annum, payable on the interest payment dates as set forth in the Trust Indenture. The Bonds shall be dated, shall be subject to redemption and/or tender prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the Bond Indenture and the form of the Bonds therein.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Bonds shall be as set forth in the Trust Indenture and the form of the Bonds therein.

The Authorized Officer is hereby authorized to execute and deliver the Trust Indenture on behalf of the City, such Bond Indenture to be 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 Authorized Officer's approval of any changes or revisions from the form of the Trust Indenture attached to this ordinance.

The Authorized Officer is hereby authorized to execute and deliver the Tax Regulatory Agreement on behalf of the City, such Tax Regulatory Agreement to be 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 of any changes or revisions from the form of the Tax Regulatory Agreement attached to this ordinance.

The Authorized Officer is hereby authorized to execute and deliver a Tax Agreement on behalf of the City, in substantially the form of tax regulatory agreements used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds 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 Bonds.

The City Clerk or the Deputy City Clerk is hereby authorized to attest the signature of the Authorized Officer to any document referenced herein and to affix the seal of the City to any such document.

SECTION 4. Security for the Bonds. The Bonds shall be limited obligations of the City, payable solely from the Collateral (as defined in the Trust Indenture). The Bonds 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 Bonds shall be payable solely from the Collateral pledged therefor pursuant to the terms of the Trust Indenture.

SECTION 5. Use of Proceeds. The proceeds from the sale of the Bonds shall be deposited as provided in the Trust Indenture and used for the purposes set forth in the seventh paragraph of the recitals of this ordinance.

SECTION 6. Additional Authorization. The Mayor, the Authorized Officer, the City Treasurer and, upon the availability of the Additional Financing, the City's Commissioner of Housing or a designee or successor thereof (the "**Authorized DOH Officer**") is 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 and perform such other acts as may be necessary or desirable in connection with the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power or authority delegated to such official under this ordinance with respect to the Bonds upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

SECTION 7. Proxies. The Mayor and the Authorized Officer may each designate another to act as their respective proxy and to affix their respective signatures to each of the Bonds, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Authorized Officer pursuant to this ordinance or the Bond Indenture. 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 8. Volume Cap. The Bonds are obligations taken into account under Section 146 of the Code in the allocation of the City's volume cap.

SECTION 9. Additional Department of Housing Financing. The Department of Housing of the City ("DOH"), is hereby authorized to provide additional Multi-Family Housing Financing to the Owner from its Multi-Family Program Funds for the rehabilitation and equipping of the Project, subject to the terms shown in **Exhibit A**. The Authorized DOH Officer is hereby authorized to execute and deliver such documents and agreements and perform such other acts as may be necessary or desirable in connection with such additional Multi-Family Housing Financing.

SECTION 10. Public Hearing; Public Approval. The City Council directs that the Bonds 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. To the extent that the hearing and notice requirements of Section 147(f) of the Code have occurred prior to the passage of this ordinance, this ordinance constitutes

approval for purposes of Section 147(f) of the Code. All such actions taken prior to the enactment of this ordinance are ratified and confirmed.

SECTION 11. Declaration of Official Intent. A portion of the cost of the acquisition and rehabilitation of the Project which the City intends to finance with the proceeds of the Bonds has been or is expected to be paid from available monies of the Borrower prior to the date of issuance of the Bonds. It is the intention of the City that the Borrower will utilize a portion of the proceeds of the Bonds to reimburse such expenditures which have been or will be made for those costs, to the extent allowed by the Code and related regulations. It is necessary and in the best interests of the City to declare its official intent under Section 1.150-2 of the Treasury Regulations promulgated under the Code so to utilize the proceeds of the Bonds.

SECTION 12. Authorization of Fees and Expenses. Subject only to any maximum limits which may be imposed by the Code in order to preserve the tax exemption of the Bonds and subject to approval by DOH, the following fees and expenses are hereby authorized in connection with the Bonds: (i) an Issuer Fee in an amount equal to 1.5 percent of the par amount of the Bonds, payable to the City on the date of issuance of the Bonds, (ii) a Bond Legal Reserve Fee in the amount of 0.1 percent of the par amount of the Bonds, payable to the City on the date of issuance of the Bonds (such fee to be used to pay for other legal and other fees incurred by the City in connection with private activity bonds issued by the City), and (iii) a City Administrative Fee in an amount equal to 0.15 percent of the outstanding principal of the Bonds, accruing monthly but payable to the City on a semi-annual basis.

SECTION 13. Separability. 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 14. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 15. No Impairment. No provision of the Municipal Code of Chicago (the "Municipal Code") or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this ordinance or to render any agreement or instrument authorized hereby voidable at the option of the City or to impair the rights of the owners of the Bonds to receive payment of the principal of, premium, if any, or interest on the Bonds or to impair the security for the Bonds; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision under the Municipal Code.

SECTION 16. Affordable Housing. The Project shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code.

SECTION 17. Effective Date. This ordinance shall be in full force and effect immediately upon its passage and approval.

Exhibits "A," "B," "C" and "D" referred to in this ordinance read as follows: