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City Council Document Tracking Sheet

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Matter ID: O2023-0006388

Meeting Date: 12/13/2023

Sponsor(s): Johnson (Mayor) *

Type: Ordinance

Title: Issuance of financial assistance and loan restructuring to Brainerd Senior Preservation LP for acquisition and rehabilitation of building and adjacent facilities located at 8901-8925 S Loomis St

Committee Assignment: Committee on Housing and Real Estate



OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

December 13, 2023

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 issuance of financial assistance and loan restructuring for Brainerd Senior Preservation LP.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "BJ Johnson", with a horizontal line extending to the right.

Mayor

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 Partnerships 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 32 years (the "Loan"), to 89th & Loomis Limited Partnership, an Illinois limited partnership (the "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 "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 "City 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 the Original Borrower on January 28, 2000 (the "Regulatory Agreement") and that certain Assignment of Rents and Leases executed by the 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 and adjacent facilities, located generally at 8901-8925 South Loomis Street, Chicago, Illinois 60620 (the "Property"); and

WHEREAS, the Property was subject to an original first mortgage in favor of Harris Trust and Saving Bank, an Illinois banking corporation, securing a note in the amount of \$895,000; and

WHEREAS, pursuant to an ordinance adopted on March 24, 2021, the City Council of the City (the "City Council") authorized a restructuring of the Loan that: (1) did not alter the interest rate on the principal balance of the Loan, (2) did not extend the maturity date of the Loan, (3) subordinated the lien of the City Mortgage to the lien of a new first mortgage, (4) consented to the assignment and assumption of ownership interest from the Original Borrower to Brainerd Senior, LLC, an Illinois limited liability company (the "Current Borrower"), (5) consented to the assignment and assumption of the City Loan Documents from the Original Borrower to the Current Borrower among other things (the "First Restructuring"); and

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

WHEREAS, on March 31, 2021, the Original Borrower, the Current Borrower and the City implemented the First Restructuring by executing that First Amendment to Loan Documents and Assignment and Assumption Agreement which was recorded on April 2, 2021 in the Office of the Clerk of Cook County; and

WHEREAS, the Property is subject to a first mortgage in favor of NEF Preservation Mortgage Loan Fund I LP, a Delaware limited partnership (the "First Mortgage"), securing a note in the amount of \$1,950,000; and

WHEREAS, the Current Borrower now desires to transfer and further rehabilitate the Property by executing: (i) a new mortgage in connection with the Property in favor of BMO Bank, N.A, a national banking association (the "New First Mortgage"), (ii) a new bridge loan in connection with the Property in favor of BMO Bank, N.A., (the "Bridge Loan Financing"), (iii) a new mortgage in connection with the Property in favor of the Illinois Housing Development Authority, a body politic and corporate (the "New Second Mortgage"), and (iv) other subordinate financing in connection with the Property as set forth on Exhibit A; and has requested that the City approve a proposed restructuring and assignment of the Loan and the City Loan Documents (the "Second Restructuring"); and

WHEREAS, the Current Borrower desires to transfer the Property and its rights, duties and obligations under the City Loan Documents to Brainerd Senior Preservation LP, an Illinois limited partnership (the "New Borrower"), the general partner of which is Brainerd Senior Preservation GP, LLC, an Illinois limited liability company (the "New General Partner"), the managing member and sole owner of which is the Sponsor; and

WHEREAS, the City's Department of Housing ("DOH") desires to approve the Second Restructuring in a manner that: (1) will subordinate the lien of the City Mortgage to the lien of the New First Mortgage, the New Second Mortgage and the Bridge Financing (during the rehabilitation period), (2) will alter the repayment terms of the Loan, (3) may alter the interest rate on the principal balance of the Loan, (4) will extend the maturity date of the Loan, (5) will consent to the sale and transfer of the Property from the Current Borrower to the New Borrower and approve the New General Partner, and (6) will consent to the assignment of the City Loan Documents by the Current Borrower to the New Borrower (collectively, the "Material Terms"); and,

WHEREAS, pursuant to an ordinance passed by the City Council on October 11, 2017 and published in the Journal for such date at pages 55903 through 55915, inclusive (the "STSC Ordinance"), as amended by an ordinance passed by the City Council on January 18, 2023 and published in the Journal for such date at pages 59125 through 59143, inclusive (the "STSC Reimbursement Ordinance" and together with the STSC Ordinance, the "STSC Bond Ordinance"), the City authorized the Sales Tax Securitization Corporation ("STSC") to issue bonds (the "STSC Bonds") with the expectation that the proceeds of the STSC Bonds, when issued, will reimburse the Corporate Funds used for the purposes identified in the STSC Reimbursement Ordinance; and

WHEREAS, DOH has preliminarily reviewed and approved the making of a new loan or grant to the New Borrower as part of the City's decarbonization pilot program focusing on holistic improvements to energy efficiency at the Property in an amount not to exceed \$3,200,000 (the "New City Financing"), to be funded from Multi-Family Program Funds and/or STSC Bond funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; 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 Second 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 Second 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. The Authorized Officer is hereby authorized, subject to the approval by the Corporation Counsel, (a) 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 assignment of the Loan, as restructured in accordance with the Second Restructuring, to the New Borrower, and (b) to consent to the transfer of the Property from the Current Borrower to the New Borrower.

SECTION 4. 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 the owners of the Property as of the date following the date of the closing of the Second 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 Second 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 Second Restructuring.

SECTION 5. Upon the approval and availability of the Additional Financing as shown in Exhibit A hereto, the 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 the implementation of the New City Financing. 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 New City Financing 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 New City Financing to the New Borrower or to proceed with the Alternate Structure as described in Exhibit A hereto.

SECTION 6. 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. Sections 2-44-080 through 2-44-105 of the Municipal Code shall not apply to the Project or the Property .

SECTION 7. 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 (x)

loans and grants funded solely by revenues from the Affordable Housing Opportunity Fund as described in Section 2-44-085(I) of the Municipal Code, and (y) funds derived from one or more special tax allocation funds created pursuant to 65 ILCS 5/11-74.4-1 et seq. or 65 ILCS 5/11-74.6-1 et seq.), 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 8. 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 9. This ordinance shall be effective as of the date of its passage and approval.