



June 19, 2018

Item No. 2

RECOMMENDATION TO: 1) ISSUE CHICAGO HOUSING AUTHORITY GENERAL OBLIGATION BONDS IN ONE OR MORE TAX-EXEMPT AND/OR TAXABLE SERIES AND AUTHORIZE THE SALE THEREOF; AND 2) AUTHORIZE THE PREPARATION, EXECUTION AND DISTRIBUTION OF OTHER DOCUMENTS RELATED THERETO

Presenter: Michael Moran, Chief Financial Officer

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached Resolution authorizing the Chairman of the Board of Commissioners, the Chief Executive Officer or the Chief Financial Officer, to execute and deliver the final form of Master Trust Indenture, Supplemental Trust Indenture, if required, Bond Purchase Agreement, the Bonds (as defined below) and such other documentation as is authorized in the attached Resolution or otherwise required, in order to issue and sell not more than \$350,000,000 principal amount of Chicago Housing Authority General Obligation Bonds in one or more tax-exempt and/or taxable series (the “Bonds”). All initially capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Resolution.

INFORMATION RELATING TO THE BOND ISSUE

Maximum Principal Amount:	Not to Exceed \$350,000,000
Maximum Interest rate:	Not to Exceed 7%
Maturity Date:	The dates to be set forth in the Indenture, but in no event later than January 1, 2038
Purpose:	To (i) finance certain capital costs of the Authority, including capitalized interest; (ii) fund an account in the Debt Service Reserve Fund for the Bonds; (iii) pay costs associated with the issuance of the Bonds; and (iv) to reimburse CHA for allowable Capital expenditures
Security for Bonds:	General obligation of the Chicago Housing Authority
Trustee:	Bank of New York Mellon
Senior Managing Underwriter:	Cabrera Capital Markets, LLC
Bond Counsel:	Kutak Rock LLP and Burke, Burns & Pinelli, Ltd
Issuer's Counsel:	Ballard Spahr LLP and Taft, Stettinius & Hollister LLP

FUNDING

No CHA funding is applicable to this transaction.

EXPLANATION

The Chicago Housing Authority will complete numerous capital projects in the next 3-5 years using these bond proceeds. The projects include needed repairs and maintenance to CHA's public housing portfolio and development projects that will result in new mixed income and project-based voucher units. The bond proceeds allow CHA to accelerate these projects into that 3-5 year timeframe as opposed to completing the projects over a significantly longer period of time on a pay-as-you-go process utilizing annual HUD funding. The Authority will be providing more and better housing units sooner by using the proceeds of this bond issue.

The proceeds of the bond issue will be used to: (i) finance certain capital costs of the CHA, including capitalized interest; (ii) fund an account in the Debt Service Reserve Fund for the Bonds; (iii) pay costs associated with the issuance of the Bonds; and (iv) to reimburse CHA for allowable Capital expenditures.

Based on the foregoing, it is in the best interest of the Chicago Housing Authority that the Board of Commissioners authorizes the issuance of the Chicago Housing Authority General Obligation Bonds in a maximum principal amount of \$350,000,000.

Respectfully Submitted,

Michael Moran
Chief Financial Officer

RESOLUTION NO. 2018-CHA-

Resolution providing for the issuance of not to exceed \$350,000,000 aggregate principal amount of General Obligation Bonds in one or more tax-exempt and/or taxable series of the Chicago Housing Authority pursuant to an Indenture; authorizing the sale thereof pursuant to a Purchase Contract; authorizing the preparation, execution and distribution of a Preliminary Official Statement and an Official Statement; authorizing the execution and delivery of a Continuing Disclosure Undertaking; authorizing the execution and delivery of a Tax Certificate; and related matters.

* * *

WHEREAS, the Chicago Housing Authority, a municipal corporation and a body corporate and politic, duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), is authorized by the laws of the State of Illinois (the “State”), including, without limitation, the Housing Authorities Act, 310 ILCS 10/1, et seq., and all laws amendatory and supplemental thereto, including in particular the Local Government Debt Reform Act, 30 ILCS 350/1, et seq., as amended (collectively, the “Act”) to acquire and dispose of improved or unimproved property, to remove unsanitary or substandard conditions, to construct and operate housing accommodations, to regulate the maintenance of housing projects and to borrow, expend, loan, invest, and repay monies for the purposes set forth in the Act and such powers are public objects and governmental functions essential to the public interest; and

WHEREAS, the Authority has the power to issue its bonds to finance in whole or in part the cost of acquisition, purchase, construction, reconstruction, improvement, alteration, extension or repair of any project or undertaking pursuant to the Act and to secure such bonds by pledges of its revenues, or in any other manner provided under the Act; and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has considered the needs of the Authority and, in so doing, the Board has determined that sufficient capital funds

of the Authority are not available to pay for various capital improvements of the Authority including, in connection with said work, acquisition of all land or rights in land, mechanical, electrical, and other services necessary, useful, or advisable thereto (the “Project”), all as projected in the Authority’s 5-year capital plan, and the Board has deemed and does now deem it advisable, necessary and in the best interests of the Authority to finance the Project; and

WHEREAS, the Board has determined the total cost of the Project and expenses incidental thereto, including financial, legal, architectural, and engineering services related to such work provided for in this Resolution to be not to exceed \$350,000,000, plus estimated investment earnings which may be received on said sum prior to disbursement; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Authority desires to authorize the issuance and sale of not to exceed \$350,000,000 aggregate principal amount of its general obligation bonds, in one or more series, the interest on which may be excludable from gross income from the holders thereof (“Tax-Exempt Bonds”) or includable in gross income of the holders thereof (“Taxable Bonds”), to be issued as bonds or other obligations permitted to be issued under the Act (collectively, the “Bonds”); and

WHEREAS, the proceeds of the Bonds will be applied to finance the Project, fund a debt service reserve deposit, fund a capitalized interest deposit and pay the costs of issuing the Bonds, each as applicable; and

WHEREAS, the Authority proposes (a) to issue the Bonds pursuant to a trust indenture between the Authority and a corporate trustee (the “Indenture”), which shall establish, among other things, the terms of the Bonds and the security therefor, (b) to sell the Bonds to the underwriters thereof pursuant to a bond purchase agreement (the “Purchase Contract”) and to distribute a preliminary official statement and a final official statement in connection therewith, (c) to undertake continuing disclosure for the Bonds pursuant to a Continuing Disclosure

Undertaking (as defined herein) and (d) to execute a non-arbitrage certificate (the “Tax Certificate”) with respect to the Tax-Exempt Bonds; and

WHEREAS, the Bonds shall not be a debt of any city, village, incorporated town or county, or the State or any political subdivision thereof other than the Authority and neither the city, village, incorporated town or the county, nor the State or any political subdivision thereof (other than the Authority) will be liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority; and

WHEREAS, the Authority expects to apply the proceeds of the Tax-Exempt Bonds and the Taxable Bonds to reimburse itself for certain expenditures relating to the Project paid prior to the date of this Resolution or that will be paid on or after the date of this Resolution (collectively, the “Expenditures”); and

WHEREAS, for purposes of Treasury Regulation Section 1.150-2, to the extent that proceeds of the Tax-Exempt Bonds are applied to reimburse the Authority for Expenditures, such Expenditures shall have been paid not earlier than 60 days prior to the date of this Resolution; and

WHEREAS, the Board deems it in the best interests of the Authority to direct any one of the Chief Executive Officer (or his designee), Chief Financial Officer, Chief Investment Officer, Chief Procurement Officer or Chief Legal Officer (each an “Authorized Officer”) to take all steps necessary to issue the Bonds for the purposes authorized hereby; and

NOW, THEREFORE, Be It Resolved by the Board of Commissioners of the Chicago Housing Authority;

Section 1. Authority Incorporation of Preambles. The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section 2. *Authorization of Bonds; Bond Details.* The issuance and sale of the Bonds, in one or more series, as Tax-Exempt and/or Taxable Bonds, are hereby authorized for purposes of financing the Project, funding a debt service reserve deposit, funding a capitalized interest deposit and paying the costs of issuing the Bonds, each as applicable. The Board hereby authorizes and directs one or more Authorized Officers to specify the final terms of the Bonds in the Indenture, including, without limitation, the final principal amounts, series designations, denominations and forms thereof, the maturity schedule(s) and security therefor, the redemption provisions applicable thereto, and such other terms, conditions and provisions as shall be deemed necessary or advisable; provided that the Bonds shall be issued in an aggregate principal amount not to exceed \$350,000,000, shall bear interest at rates that do not exceed 7%, and shall mature not later than 30 years from their date of issuance.

Section 3. *Authorization of Indenture.* The Indenture is hereby authorized to be executed and delivered substantially in the form of indentures commonly used by the Authority or other issuers of municipal bonds in transactions similar to that described in this Resolution, subject to the parameters set forth herein and subject further to such changes, insertions, omissions and completion of blanks and terms therein relating to the Bonds as shall be approved by any one or more of the Authorized Officers, the execution of the Indenture by such Authorized Officer being conclusive evidence of such approval.

Section 4. *Sale of Bonds; Authorization of Purchase Contract.* The Treasurer is hereby authorized and directed to deliver the Bonds to Cabrera Capital Markets, LLC, as senior managing underwriter and as representative of the underwriters (collectively, the “Underwriters”) identified in the Purchase Contract. Authority is hereby delegated to any one of the Authorized Officers (i) to sell all, but not less than all, of the Bonds to the Underwriters at an aggregate purchase price of not less than par, net of underwriters’ fees, plus accrued interest on

the Bonds (if any) from their dated date to their date of delivery and (ii) to determine all of the terms and details of the Bonds not determined in this Resolution including, without limitation, whether to procure credit enhancement for the Bonds.

Any one of the Authorized Officers and the Secretary are authorized and directed to execute and deliver the Purchase Contract in the name of and on behalf of the Authority. The Purchase Contract shall be substantially in the form of purchase agreements commonly used by the Authority or other issuers of municipal bonds in transactions similar to that described in this Resolution, with such changes as necessary to reflect the terms and provisions of the Bonds and the Indenture, and to reflect such other changes as an Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The execution of the Purchase Contract by such Authorized Officer shall be conclusive evidence of such approval. No person holding any office of the Authority, either by election or appointment, shall be in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the transaction described in the Purchase Contract.

Section 5. Authorization of Preliminary and Final Official Statements. A preliminary official statement and a final official statement are each hereby authorized to be prepared and distributed in connection with the sale of the Bonds in such form as shall be approved by an Authorized Officer, the execution of the final official statement by such Authorized Officer being conclusive evidence of such approval.

Section 6. Tax Covenants; Authorization of Tax Certificate; Noncompliance with Tax Covenants. The proceeds of Tax-Exempt Bonds shall not be used in a manner, and the Authority shall not take, permit to be taken, or fail to take any action, which would cause any Tax-Exempt Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code, or which would adversely affect the exclusion from gross income of the interest on the Tax-Exempt

Bonds under Section 103 of the Code and applicable regulations, rulings, and decisions. One or more Authorized Officers are hereby authorized to execute and deliver the Tax Certificate, in the form of non-arbitrage certifications commonly used by the Authority or other issuers of municipal bonds in transactions similar to that described in this Resolution and acceptable to Bond Counsel (as defined in the Indenture), setting forth such covenants and certifications as shall be necessary to ensure the excludability of interest on the Tax-Exempt Bonds from gross income for federal tax purposes.

Section 7. Reimbursement Declaration. For purposes of and in accordance with Treasury Regulation Section 1.150-2, the Authority hereby declares its intent to apply proceeds of the Tax-Exempt Bonds, if issued, to reimburse itself for certain Expenditures incurred not earlier than 60 days prior to the date of this Resolution.

Section 8. Authorization of Continuing Disclosure Undertaking. One or more of the Authorized Officers and the Secretary are hereby authorized, empowered and directed to execute and deliver an undertaking under Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Continuing Disclosure Undertaking”). When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Authority as herein provided, the Continuing Disclosure Undertaking will be binding on the Authority and the officers, employees and agents of the Authority, and the officers, employees and agents of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed.

Section 9. Execution and Filing. The Bonds shall be signed by the Chairperson and Secretary, and shall be countersigned by the Treasurer, and the seal of the Authority shall be

affixed thereto or printed thereon, and in case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Final forms and execution versions of any and all documents related to the Bonds, including, without limitation, the Indenture, the Purchase Contract, the preliminary official statement, the final official statement and the Tax Certificate, shall be placed on file with the Secretary.

Section 10. Delegation of Authority. This Resolution is adopted and the actions herein are authorized in contemplation of compliance by the Authority with all applicable rules, policies, programs and regulations of the United States Department of Housing and Urban Development (“HUD”). The Authorized Officers are hereby delegated authority to take any and all further actions and to obtain and/or execute and deliver such further contracts, documents, papers and certificates as shall be necessary for the Authority to comply with such rules, policies, programs and regulations of HUD.

From and after the effective date of this Resolution, the Authorized Officers are further delegated authority to enter into new contracts, and/or amend or extend existing contracts (without further Board action) as they deem necessary or advisable to accomplish the purposes set forth in this Resolution. The Authorized Officers are further delegated authority to do all things necessary and essential to effectuate the provisions of any such contract, including the execution of the Indenture, the Purchase Contract, the Continuing Disclosure Undertaking and any other contracts, documents, papers and certificates incidental thereto or necessary to carry out the provisions hereof and thereof, including the Tax Certificate and the hiring or further retention of professionals and experts. The execution of such other contracts, documents, papers and certificates by an Authorized Officer shall be conclusive evidence of any such approval.

Section 11. *Severability*. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 12. *Repeal*. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby repealed, and this Resolution shall be in full force and effect forthwith upon its adoption.

Adopted June 19, 2018.

CHICAGO HOUSING AUTHORITY

By: _____

John T. Hooker
Board Chairman

[SEAL]

Attest:

By: _____

Lee Chuc-Gill
Secretary