



August 12, 2015

Item No. 13

**AUTHORIZATION TO: 1) RATIFY THE FORMATION OF FANNIE EMANUEL HOUSING DEVELOPMENT, LLC AND FANNIE EMANUEL SENIOR HOUSING LIMITED PARTNERSHIP WITH RELATED DOCUMENTS NEEDED FOR THE FORMATION OF SAID ENTITIES AND TO CLOSE THE TRANSACTION FOR THE REHABILITATION OF FANNIE EMANUEL SENIOR APARTMENTS; 2) ISSUE AND SELL MULTIFAMILY HOUSING REVENUE NOTES (FANNIE EMANUEL SENIOR APARTMENTS), 2015 SERIES A, SERIES B, AND SERIES C IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$35,000,000 (HEREINAFTER REFERRED TO AS THE "NOTES"); 3) EXECUTE AND DELIVER ALL NOTE DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE NOTES; 4) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$23,500,000; 5) SUBMIT A RENTAL ASSISTANCE DEMONSTRATION (RAD) FINANCE PLAN TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") AND ENTER INTO A RAD CONVERSION COMMITMENT WITH HUD FOR THE FANNIE EMANUEL SENIOR APARTMENTS (RAD COMMITMENT); 6) EXECUTE A HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACT UNDER THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT RENTAL ASSISTANCE DEMONSTRATION PROGRAM AND EXECUTE SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER RAD FOR THE FINANCING AND OPERATION OF THE FANNIE EMANUEL SENIOR APARTMENTS; 7) TRANSFER FANNIE EMANUEL PROPERTY AND FINANCE THE SALE THROUGH SELLER FINANCING TO FANNIE EMANUEL SENIOR HOUSING LIMITED PARTNERSHIP; 8) ENTER INTO A CONTRACT WITH GILBANE BUILDING COMPANY FOR CONSTRUCTION MANAGEMENT SERVICES AND 9) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING, INCLUDING BUT NOT LIMITED TO AMENDMENT TO THE MTW AGREEMENT ATTACHMENT A, AS REQUIRED BY HUD.**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners (Board) authorize the Acting Chief Executive Officer (CEO) or his designee to: 1) Ratify the formation of Fannie Emanuel Housing Development, LLC and Fannie Emanuel Senior Housing Limited Partnership with related documents needed for the formation of said entities and to close the transaction for the rehabilitation of Fannie Emanuel Senior Apartments; 2) Issue and Sell Multifamily Housing Revenue Notes (Fannie Emanuel Senior Apartments), 2015 Series A, Series B, and Series C in an aggregate principal amount not to exceed \$35,000,000 (hereinafter referred to as the "Notes"); 3) Execute and deliver all note documents in connection with the issuance and sale of the Notes; 4) Commit Chicago Housing Authority funds not to exceed \$23,500,000; 5) Submit a Rental Assistance Demonstration (RAD) Finance Plan to the United States Department of Housing and

Urban Development (“HUD”) and enter into a RAD Conversion Commitment with HUD for the Fannie Emanuel Senior Apartments (RAD Commitment) ; 6) Execute a Housing Assistance Payments (HAP) Contract under the United States Department of Housing and Urban Development Rental Assistance Demonstration program and execute such other documents as may be required under RAD for the financing and operation of the Fannie Emanuel Senior Apartments; 7) Transfer Fannie Emanuel property and finance the sale through seller financing to Fannie Emanuel Senior Housing Limited Partnership; 8) Enter into a contract with Gilbane Building Company for construction management services and 9) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing, including but not limited to Amendment to the MTW Agreement Attachment A, as required by HUD.

The Deputy Chief Development Officer, Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE GOALS #1, 2 AND 3**

- Goal #1 Reimagine the final phase of the Plan For Transformation, coordinate public and private investments to develop healthy, vibrant communities. Strategy 2: Complete and ensure the success of mixed-income communities and other developments on CHA owned land
- Goal #2 Ensure that CHA’s housing portfolio is safe, decent and sustainable. Strategy 2: To increase effectiveness and ensure sustainability of its portfolio
- Goal #3 Expand services to more residents, targeted to their needs, and at critical milestones in their lives. Strategy 2: Provide a high quality of life for residents that are vulnerable or unlikely to move from public housing

**FUNDING**

Not-to-Exceed \$23,500,000 in CHA MTW funds including approximately \$2.2 million funded by RAD Project-Based Voucher payments during construction

**M/W/DBE & Section 3 PARTICIPATION: Compliance Affidavit on File**

Direct \_\_\_% MBE \_\_\_% WBE \_\_\_% DBE \_\_\_%

**Section 3**

(#) Hiring \_\_\_\_\_ (\$) Subcontracting \_\_\_\_\_ (\$) Other Economic Opportunities

All compliance requirements will be met or exceeded according to the utilization plan to be approved prior to transaction closing.

**GENERAL BACKGROUND**

Fannie Emanuel, formerly known as Park View Apartments, is a Chicago Housing Authority (CHA) owned senior property located at 3916 W. Washington Blvd. in the West Garfield Park community on the City’s West side. This 20-story masonry structure was built in 1963 to house

181 apartment units. The building was closed in 2007 due to significant mechanical system problems.

The CHA controlled entity, Fannie Emanuel Housing Development, LLC, acting as the developer, will redevelop the Fannie Emanuel property to provide quality senior housing using a mixed-finance approach to leverage first mortgage debt and private equity. The building will be renovated to a high and sustainable standard; meeting life safety, accessibility and city energy codes. It will provide CHA senior residents with modern conveniences, recreational spaces, and a 2.5 acre landscaped site that includes active walking paths, gardens and other activity areas. The Fannie Emanuel redevelopment will return the original 181 quality housing units to CHA's leasing portfolio. Most significant, it will provide CHA senior residents with quality, safe, and dignified housing.

<b>Unit Type</b>	<b>Public Housing Affordable (LIHTC) Units</b>	<b>TOTAL Units</b>
<b>1 BR</b>	<b>181</b>	<b>181</b>

#### **DEVELOPMENT ENTITIES**

The CHA controlled entity, Fannie Emanuel Housing Development, LLC, will serve as the developer and CHA has created a new ownership entity known as Fannie Emanuel Senior Housing Limited Partnership (the "Owner"/"Partnership"). The Owner will be comprised of a Limited Partner (99.99%) represented by a private tax credit investor, a Special Limited Partner (.001%), which is an affiliate of the Limited Partner, and a General Partner (.009%) represented by Fannie Emanuel Housing Development, LLC, of which CHA is the sole member.

The purpose of the Partnership will be to acquire, own, rehabilitate, and operate Fannie Emanuel Senior Apartments. As further set forth in the partnership agreement, the General Partner will be responsible for managing the affairs of the Partnership. The General Partner will also contract with the Partnership to provide development services, for which the General Partner will be paid a development fee. The General Partner will guarantee to the Limited Partner and/or the Partnership certain matters customary in tax credit transactions. However, such guarantees will be satisfied solely from assets of the Partnership and General Partner (including the development fee) and not from the assets of CHA.

Pursuant to the Operating Agreement governing the General Partner, the designated officers of the General Partner will be the Chief Executive Officer, the Chief Financial Officer, and the Chief Legal Officer, respectively, of CHA (the "General Partner Designated Officers"). The General Partner Designated Officers will have authority to conduct the day to day affairs of the General Partner subject to the control of the CHA Board of Commissioners. In addition certain significant actions set forth in the Operating Agreement will require approval by the CHA Board of Commissioners.

The attached Resolution ratifies the formation of the General Partner and Partnership, with related documents needed for the formation of said entities and authorizes various significant actions which will be taken by the General Partner (either in its own capacity or as the general

partner of the Partnership). Such actions include the execution and delivery of the operating agreement of the General Partner, the execution and delivery of the amendment to the limited partnership agreement of the Partnership, the execution and delivery of the development agreement, and the execution and delivery of various financing, acquisition, and other development and/or management documents.

## **FINANCE**

**Tax-Exempt Bond-related Construction Financing:** CHA plans to issue approximately \$35 million of tax-exempt bonds or notes to provide interim and permanent financing for acquisition and rehabilitation. The bonds will be issued in three series. The Series A bonds of approximately \$6.95 million will fund a permanent first lien position mortgage. The Series B bonds of approximately \$10.35 million will be 100% collateralized by cash or pledged securities provided by the CHA. The Series C bonds of approximately \$15.4 million will bridge equity proceeds and other financing sources, as required.

**Permanent Financing:** The total estimated budget of \$59,591,824 includes the following from CHA: Loan of approximately \$20.1 million, approximately \$2.2 million derived from RAD Project-Based Voucher payments made during the construction period, plus a CHA Seller Financing Loan of approximately \$5 million as financing for the sale of the property. The balance of the permanent budget will be funded primarily by a Bank of America first mortgage loan of approximately \$6.95 million and approximately \$25.2 million tax credit equity from the sale of the Low Income Housing Tax Credits (LIHTC). The purchase price payable by the Partnership for the Property will be deferred and evidenced by a promissory note, the CHA Purchase Loan.

## **RENTAL ASSISTANCE DEMONSTRATION (RAD) AND HOUSING ASSISTANCE PAYMENT (HAP)**

The Rental Assistance Demonstration (RAD) program was developed by HUD as part of the Obama Administration's broader comprehensive strategy to preserve public and affordable housing by maintaining long-term affordability, improving funding for operations and services, and allowing public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform which has historically proven to be a more stable funding source than public housing funding. RAD will be used to provide a long-term rental assistance contract to leverage debt and equity financing sources that will help fund the renovation of Fannie Emanuel's 181 housing units.

Through the RAD program, HUD provides rental subsidies to the owners of properties pursuant to a long-term HAP (Housing Assistance Payment) contract that will be renewed, for a total period of forty years. This ensures the units remain affordable to low-income households. Residents continue to pay 30% of their income towards rent.

## **PROPERTY SALE**

CHA will sell the Fannie Emanuel property to Fannie Emanuel Senior Housing Limited Partnership. The Owner will be comprised of a Limited Partner represented by a private tax credit investor, a Special Limited Partner, an affiliate of the Limited Partner, and a General Partner represented by Fannie Emanuel Housing Development, LLC, of which CHA is the sole member. The value and sale of the property will help leverage additional private investment equity that helps fund the development budget.

### **CONSTRUCTION MANAGER**

The \$368,400 construction management service contract was procured through a non-competitive process in order to secure the current high tax credit equity pricing and low construction and permanent interest rates and meet the 2015 development transaction closing deadline. The contract will be funded directly from project loan and equity proceeds during construction.

The Gilbane Building Company (GBC) was selected based on their proven CHA construction experience, specific knowledge and experience with the Fannie Emanuel project, and its national industry recognition. These qualities provide CHA and the finance partners with the confidence that GBC is the best construction management fit for the project and are therefore being recommended for the contract.

A separate CHA contract with GBC exclusive to the Fannie Emanuel project will be executed and be assigned to the development owner entity, Fannie Emanuel Senior Housing Limited Partnership, at the time of closing.

### **INFORMATION RELATING TO THE NOTE ISSUE**

Maximum Principal Amount: \$35,000,000

Interest: The Series 2015A Notes will bear interest at a floating rate equal to 30 day LIBOR plus 145 basis points prior to the Conversion Date. Interest will accrue at a fixed rate equal to the 10 year interest rate swap index plus 149 basis points beginning on the Conversion Date and will remain in effect for 18 years after the Conversion Date. The Conversion Date is 24 months after the Closing Date on the Notes.

The Series 2015B Notes will bear interest at a fixed rate equal to the 2 year swap rate plus 7 basis points (fixed on the Closing Date).

The Series 2015C Notes will bear interest at 30 day LIBOR plus 145 basis points.

The aggregate interest rate for each Note will not to exceed a maximum rate established in the Resolution.

Note Purchaser: Bank of America, N.A. (or affiliated entity).

Maturity Date:

Series 2015A Notes: Amortizing obligation with principal and interest payable in equal monthly payments starting 30 months after Closing Date. Amortization will be over a 35-year period. The Bank's obligation ends after the 18<sup>th</sup> year following the Conversion Date (the "Fixed Rate Period"). At the end of the Fixed Rate Period, the Bank can "put" the Loan for mandatory repayment or reset the rate for the remaining term of the loan, and the Borrower may repay the Loan at its option, without a premium.

Series 2015B Notes: not to exceed twenty-four (24) months (subject to one six (6) month extension).

Series 2015C Notes: not to exceed twenty-four (24) months (subject to one six (6) month extension).

Purpose:

To finance the rehabilitation of the "Fannie Emanuel Senior Apartments" Project consisting of the renovation of 181 rental units of public housing located at 3916 W. Washington Blvd., in the West Garfield Park community in Chicago, Illinois.

Primary Security for Notes:

Series 2015A Notes: A first priority (i) mortgage and security interest in the Project subject to the terms of the Rental Assistance Demonstration Use Agreement; (ii) security interest in all personal property used in conjunction with the construction, operation and maintenance of the Project; (iii) assignment of all leases and rents; (iv) assignment of all construction, architect, and engineering contracts; (v) assignment of all permits, licenses and agreements; (vi) assignment of partnership interests in the Borrower; (vii) pledge of reserve accounts; (viii) collateral assignment of the existing HAP contract with the United States Department of Housing and Urban Development (HUD) and associated RAD agreements (as applicable).

Series 2015B Notes: 100% collateralized by cash or pledged securities provided by the CHA which will be held in a bank controlled account.

Series 2015C Notes: Same as Series 2015A Notes.

Borrower(s)	Fannie Emanuel Senior Housing Limited Partnership.
Fiscal Agent:	Bank of America, N.A., (or affiliated entity).
Note Issuer's Counsel and Note Counsel:	Ice Miller LLP

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The CHA controlled entity, Fannie Emanuel Housing Development, LLC, acting as the developer, will redevelop the Fannie Emanuel property to provide quality senior housing using a mixed-finance approach to leverage first mortgage debt and private equity. The building will be renovated to a high and sustainable standard; meeting life safety, accessibility and city energy codes. It will provide CHA senior residents with modern conveniences, recreational spaces, and a 2.5 acre landscaped site that includes active walking paths, gardens and other activity areas. The Fannie Emanuel redevelopment will return the original 181 quality housing units to CHA's leasing portfolio.

The CHA controlled entity, Fannie Emanuel Housing Development, LLC, will serve as the developer and CHA has created a new ownership entity known as Fannie Emanuel Senior Housing Limited Partnership (the "Owner"/"Partnership"). The Owner will be comprised of a Limited Partner (99.99%) represented by a private tax credit investor, a Special Limited Partner (.001%), which is an affiliate of the Limited Partner, and a General Partner (.009%) represented by Fannie Emanuel Housing Development, LLC, of which CHA is the sole member. CHA will sell the Fannie Emanuel property to Fannie Emanuel Senior Housing Limited Partnership. The value and sale of the property will help leverage additional private investment equity that helps fund the development budget.

The purpose of the Partnership will be to acquire, own, rehabilitate, and operate Fannie Emanuel Senior Apartments. As further set forth in the partnership agreement, the General Partner will be responsible for managing the affairs of the Partnership. The General Partner will also contract with the Partnership to provide development services, for which the General Partner will be paid a development fee. The General Partner will guarantee to the Limited Partner and/or the Partnership certain matters customary in tax credit transactions. However, such guarantees will be satisfied solely from assets of the Partnership and General Partner (including the development fee) and not from the assets of CHA. Pursuant to the Operating Agreement governing the General Partner, the designated officers of the General Partner will be the Chief Executive Officer, the Chief Financial Officer, and the Chief Legal Officer, respectively, of CHA (the "General Partner Designated Officers"). The General Partner Designated Officers will have authority to conduct the day to day affairs of the General Partner subject to the control of the CHA Board of

Commissioners. In addition certain significant actions set forth in the Operating Agreement will require approval by the CHA Board of Commissioners.

The total estimated budget for the redevelopment of the Fannie Emanuel Senior Apartments is approximately \$59,591,824 includes the following sources of permanent financing: MTW loan from CHA of approximately \$20.1 million, loan from CHA of approximately \$2.2 million from RAD Project-Based Voucher payments made during the construction period, plus a CHA Seller Financing Loan of approximately \$5 million as financing for the sale of the property. The balance of the permanent budget will be funded primarily by a Bank of America first mortgage loan of approximately \$6.95 million and approximately \$25.2 million tax credit equity from the sale of the Low Income Housing Tax Credits (LIHTC).

The Notes will be issued in three series pursuant to a Note Issuance Agreement and the proceeds thereof will be loaned to the Owner, also known as the "Borrower", pursuant to a Loan Agreement. Bank of America, N.A., or an affiliated entity will purchase the Series 2015A, 2015B 2015C Notes in principal amounts of approximately \$6.95 million, \$10.35 million and \$15.4 million, respectively. The Notes are not a debt of any city, village, incorporated town or county, or the State of Illinois or any political subdivision thereof, other than the Authority. The Notes are special limited obligations of the Authority payable solely from the sources specified in the Note Issuance Agreement.

### **CONCLUSION**

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal procurement laws.

The Deputy Chief Development Officer concurs with the recommendation to authorize the Acting Chief Executive Officer (CEO) or his designee authorization to: 1) Ratify the formation of Fannie Emanuel Housing Development, LLC and Fannie Emanuel Senior Housing Limited Partnership with related documents needed for the formation of said entities and to close the transaction for the rehabilitation of Fannie Emanuel Senior Apartments; 2) Issue and Sell Multifamily Housing Revenue Notes (Fannie Emanuel Senior Apartments), 2015 Series A, Series B, and Series C in an aggregate principal amount not to exceed \$35,000,000 (hereinafter referred to as the "Notes"); 3) Execute and deliver all note documents in connection with the issuance and sale of the Notes; 4) Commit Chicago Housing Authority funds not to exceed \$23,500,000; 5) Submit a Rental Assistance Demonstration (RAD) Finance Plan to the United States Department of Housing and Urban Development and enter into a RAD Conversion Commitment with HUD for the Fannie Emanuel Senior Apartments (RAD Commitment); 6) Execute a Housing Assistance Payments (HAP) Contract under the United States Department of Housing and Urban Development Rental Assistance Demonstration program and execute such other documents as may be required under RAD for the financing and operation of the Fannie Emanuel Senior Apartments; 7) Transfer Fannie Emanuel property and finance the sale through seller financing to Fannie Emanuel Senior Housing Limited Partnership; 8) Enter into a contract with Gilbane Building Company for construction management services and 9) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing, including but not limited to Amendment to the MTW Agreement Attachment A, as required by HUD.



The Acting CEO/President recommends the approval to: 1) Ratify the formation of Fannie Emanuel Housing Development, LLC and Fannie Emanuel Senior Housing Limited Partnership with related documents needed for the formation of said entities and to close the transaction for the rehabilitation of Fannie Emanuel Senior Apartments; 2) Issue and Sell Multifamily Housing Revenue Notes (Fannie Emanuel Senior Apartments), 2015 Series A, Series B, and Series C in an aggregate principal amount not to exceed \$35,000,000 (hereinafter referred to as the "Notes"); 3) Execute and deliver all note documents in connection with the issuance and sale of the Notes; 4) Commit Chicago Housing Authority funds not to exceed \$23,500,000; 5) Submit a Rental Assistance Demonstration (RAD) Finance Plan to the United States Department of Housing and Urban Development and enter into a RAD Conversion Commitment with HUD for the Fannie Emanuel Senior Apartments (RAD Commitment); 6) Execute a Housing Assistance Payments (HAP) Contract under the United States Department of Housing and Urban Development Rental Assistance Demonstration program and execute such documents as may be required under RAD for the financing and operation of the Fannie Emanuel Senior Apartments; 7) Transfer Fannie Emanuel property and finance the sale through seller financing to Fannie Emanuel Senior Housing Limited Partnership; 8) Enter into a contract with Gilbane Building Company for construction management services and 9) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing, including but not limited to Amendment to the MTW Agreement Attachment A, as required by HUD.

**RESOLUTION NO. 2015-CHA-**

- WHEREAS,** the Chicago Housing Authority, a municipal corporation and a body politic and corporate duly organized and validly existing under and by virtue of the laws of the State of Illinois (the “Authority”), 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. (the “Act”), is authorized by the laws of the State of Illinois (the “State”), including without limitation in the Act, to issue its revenue Bonds and Notes for the purposes set forth in the Act and to permit the expenditure of the proceeds thereof to finance the cost of the development, construction and renovation of multifamily rental housing located in the jurisdiction of the Authority; and
- WHEREAS,** Fannie Emanuel Housing Limited Partnership, an Illinois limited partnership (the “Borrower”), proposes to rehabilitate the “Fannie Emanuel Senior Apartments” Project consisting of the renovation of 181 rental units of public housing in Chicago, Illinois (the “Project”); and
- WHEREAS,** a portion of the costs of the Project will be financed through the issuance by the Authority of its Multi-Family Housing Revenue Note, Series 2015A (Fannie Emanuel Senior Apartments Project) (the “Series 2015A Note”), its Multi-Family Housing Revenue Note, Series 2015B (Fannie Emanuel Senior Apartments Project) (the “Series 2015B Note”), and its Multi-Family Housing Revenue Note, Series 2015C (Fannie Emanuel Senior Apartments Project) (the “Series 2015C Note”) (collectively, the “Notes”); and
- WHEREAS,** the proceeds of the Notes will be loaned to Borrower; and
- WHEREAS,** the General Partner of Borrower is Fannie Emanuel Housing Development, LLC, an Illinois limited liability company (the “General Partner”); and
- WHEREAS,** the sole member of the General Partner is the Authority; and
- WHEREAS,** a determination has been made by the Authority that the Project constitutes “multifamily rental housing” within the meaning of the Act and that the financing thereof will meet the public purposes of the Act; and
- WHEREAS,** pursuant to and in accordance with the provisions of the Act, the Authority is now prepared to proceed with the financing of a portion of the costs of the Project through the issuance and sale of the Notes pursuant to a Note Issuance Agreement (the “Note Issuance Agreement”) among the Authority, Bank of America, N.A., or an affiliated entity, as the purchaser of the Notes (the “Note Purchaser”) and Bank of America, N.A., or an affiliated entity, as fiscal agent (the “Fiscal Agent”); and

- WHEREAS,** the proceeds of the Notes will be loaned by the Authority to the Borrower pursuant to a Loan Agreement between the Authority and the Borrower (the "Loan Agreement") and the obligations of the Borrower to pay debt service under the Loan Agreement will be evidenced by a Note with respect to the Series 2015A Note debt service (the "Series 2015A Borrower Note") from the Borrower to the Authority, a Note with respect to the Series 2015B Note debt service (the "Series 2015B Borrower Note"), and a Note with respect to the Series 2015C Note debt service (the "Series 2015C Borrower Note") and, together with the Series 2015A Borrower Note and the Series 2015B Borrower Note, (the "Borrower Notes") from the Borrower to the Authority, each of which will be assigned by the Authority to the Fiscal Agent as security for the Notes; and
- WHEREAS,** certain income and other rental restrictions required by Sections 42 and 142(d) of the Internal Revenue Code of 1986, as amended (the "Code") related to the Project will be specified in one or more Regulatory Agreements, Declarations of Restrictive Covenants and a Land Use Restriction Agreement (each, collectively, the "Regulatory Agreement"); and
- WHEREAS,** certain arbitrage requirements of Section 148 and related provisions of the Code will be specified in one or more Arbitrage and Tax Certificates (the "Arbitrage Certificates") of the Authority and the Borrower; and
- WHEREAS,** each series of Notes will be sold by private placement to the Note Purchaser pursuant to the Note Issuance Agreement; and
- WHEREAS,** the Borrower's obligations under the Borrower Notes will be secured by one or more mortgages, security agreements and/or collateral assignments with respect to the Project (the "Collateral Documents") from the Borrower to the Authority or the Fiscal Agent and, if to the Authority, the rights of the Authority to such instruments and, as applicable, the Borrower Notes may be assigned by the Authority to the Fiscal Agent pursuant to an assignment (an "Assignment"); and
- WHEREAS,** the Series 2015A Note will be secured by and payable from certain MTW Funds ("MTW Funds") received by the Authority and deposited into escrow pursuant to a Pledge Agreement (the "Pledge Agreement") among the Authority, the Borrower and the Fiscal Agent, as Escrow Agent, and such MTW Funds, upon withdrawal from such escrow, will constitute a loan from the Authority to the Borrower pursuant to a loan agreement (the "MTW Funds Loan Agreement") with the Borrower; and
- WHEREAS,** the Borrower will be required to operate 181 housing units within the Project for the use and occupancy of eligible individuals and, in connection therewith, the Borrower will enter into a Housing Assistance Payment Contract with the Authority, and a Rental Assistance Demonstration Use

Agreement with HUD, and a mortgage and other collateral documents and related agreements and instruments (collectively, and together with the MTW Funds Loan Agreement, the “MTW Funds Borrower Agreements”); and

**WHEREAS,** other funding for costs of the Project will be provided pursuant to equity contributions and other sources; and

**WHEREAS,** the proceeds of the Notes and the other funding sources may be disbursed pursuant to a disbursement or construction agreement (the “Disbursement Agreement”); and

**WHEREAS,** all or a portion of the expenditures relating to the Project (the “Expenditures”) (i) have been paid within the sixty days prior to the passage of this Resolution or (ii) will be paid on or after the passage of this Resolution; and

**WHEREAS,** the Authority reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the Authority to rely) to reimburse the Borrower for the Expenditures with proceeds of the Notes; and

**WHEREAS,** the City Council of the City of Chicago (the “City”) is expected to approve the transfer to the Authority of a portion of the City’s available unused volume cap for calendar years 2015 and/or subsequent years pursuant to Section 146 of the Code for use by the Authority in connection with the issuance of the Notes, and the City and the Authority may enter into a volume cap transfer agreement (the “Cap Transfer Agreement”) to reflect such transfer; and

**WHEREAS,** the Authority will submit a Rental Assistance Demonstration (RAD) Finance Plan to the United States Department of Housing and Urban Development; enter into a RAD Conversion Commitment with HUD; execute a Housing Assistance Payments (HAP) Contract under the United States Department of Housing and Urban Development Rental Assistance Demonstration program; and execute such other documents as may be required under RAD for the financing and operation of the Project, including but not limited to amendment to the MTW Agreement Attachment A, as required by HUD (referred to collectively herein as the “RAD Authority Documents”); and

**WHEREAS,** the Authority will transfer Fannie Emanuel property and finance the sale through seller financing to Fannie Emanuel Senior Housing Limited Partnership; and

**WHEREAS,** the Authority will enter into a contract with Gilbane Building Company for construction management services and assign the contract to the Partnership; and

**WHEREAS,** the Note Issuance Agreement, the Loan Agreement, the Notes, the Borrower Notes, the Regulatory Agreement, the Arbitrage Certificates, the Assignment, the Pledge Agreement, the Disbursement Agreement, the Collateral Documents, the Cap Transfer Agreement, the RAD Authority Documents and the MTW Funds Borrower Agreements (or such similar documents as are generally used in similar financing structures) are referred to collectively herein as the “Authority Agreements”.

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:**

**THAT,** Section 1. The Authority is authorized to submit a Rental Assistance Demonstration (RAD) Finance Plan to the United States Department of Housing and Urban Development in connection with the Fannie Emanuel Senior Apartments project, to sell the property and to finance the sale price through seller financing; and to enter into the Authority Agreements with the other party or parties thereto. The forms, terms and provisions of the Authority Agreements be, and they hereby are, in all respects approved. The Chairman, the Acting Chief Executive Officer or his designee, or the Chief Financial Officer of the Authority be, and each of them hereby is, authorized, empowered and directed to execute and deliver, and, where necessary, the Acting Chief Executive Officer or his designee, or the Custodian and Keeper of Records/Secretary, Board of Commissioners be and each of them hereby is, authorized, empowered and directed to attest and to affix the official seal of the Authority to, the Authority Agreements in the name, for and on behalf of the Authority, and thereupon to cause the Authority Agreements to be executed, acknowledged and delivered to the other party or parties thereto, in substantially the forms now before the Authority or with such changes therein as the individual executing the Authority Agreements on behalf of the Authority shall approve, his or her execution thereof to constitute conclusive evidence of such approval of any and all changes or revisions therein from the forms of Authority Agreements now before the Authority. When the Authority Agreements are executed, attested, sealed and delivered on behalf of the Authority as hereinabove provided, they shall be binding on the Authority. From and after the execution and delivery of the Authority Agreements, 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 Authority Agreements as executed. The Authority Agreements shall constitute, and hereby are made, a part of this Resolution, and copies of the executed Authority Agreements shall be placed in the official records of the Authority, and shall be available for public inspection at the office of the Authority.

Section 2. The Notes shall be issued in fully registered form, in an aggregate principal amount not to exceed \$35,000,000, in authorized denominations as provided in the Note Issuance Agreement. The Notes shall bear interest at a variable rate of interest as shall be set forth in the Note Issuance Agreement, as executed, in no event to exceed the maximum rate set forth in the Note Issuance Agreement. The Notes shall mature on such date or dates as shall be set forth in the Note Issuance Agreement. The Notes shall be subject to redemption prior to maturity as provided in the Note Issuance Agreement, as executed.

Section 3. The Notes and the interest thereon will be special, limited obligations of the Authority, payable solely from the payments to be made by the Borrower under the Loan Agreement and from the other sources specified or referred to in the Note Issuance Agreement, which shall be specifically assigned and pledged to such purposes in the manner and to the extent provided therein. The Notes and all other obligations of the Authority in connection therewith shall not be a debt of the City or any other city, village, incorporated town or county, the State of Illinois or any political subdivision thereof and neither the City, nor any other city, village, incorporated town or county, nor the State of Illinois or any political subdivision thereof shall be liable thereon, nor in any event shall the Notes or such obligations be payable out of any funds or properties other than those pledged under the Note Issuance Agreement or those other agreements specifically securing the Notes. The Notes shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Section 4. The forms of the Notes set forth in the Note Issuance Agreement, subject to appropriate insertions and revisions in order to comply with the provisions of the Note Issuance Agreement (as executed) be, and the same hereby are approved. The Notes shall be executed in the name, for and on behalf of the Authority with the manual or facsimile signature of its Chairman or Acting Chief Executive Officer or his designee (or such other officer authorized by law to execute the Notes on behalf of the Authority) and attested with the manual or facsimile signature of its Secretary or Assistant Secretary (or such other officer authorized by law to execute the Notes on behalf of the Authority) and the seal of the Authority shall be impressed or imprinted thereon. The officers of the Authority shall cause the Notes, as so executed and attested, to be delivered to the Fiscal Agent for authentication. When the Notes shall be executed on behalf of the Authority in the manner contemplated by the Note Issuance Agreement and this Resolution, they shall represent the approved forms of Notes of the Authority.

Section 5. The sale of the Notes to the Note Purchaser at a purchase price of not less than 98% of the aggregate principal amount thereof plus accrued interest, if any, to the date of delivery, is hereby approved.

Section 6. The Chairman, Acting Chief Executive Officer or his designee, Chief Financial Officer, and the Custodian and Keeper of Records/Secretary, Board of Commissioners be, and each of them hereby is, authorized to execute and deliver such documents, certificates, and undertakings of the Authority (including, without limitation, environmental remediation agreements, investment agreements, book-entry registration agreements, intercreditor agreements and other agreements pertaining to the security of the Notes) and to take such other actions as may be required or desirable in connection with the execution, delivery and performance of the Authority Agreements, the financing of costs of the Project, the MTW Funds and the issuance, sale and delivery of the Notes. In addition, subsequent to the issuance of the Notes, any of the foregoing officers of the Authority are hereby authorized to enter into amendments to the Authority Agreements or other agreements or instruments entered into by the Authority in connection with the Notes (without the necessity of obtaining approval by the

Board of Commissioners of the Authority to such action) which are not inconsistent with the parameters set forth in this Resolution and which, in the judgment of the officers executing the same, are not materially adverse to the interests of the Authority.

Section 7. All acts of the officers, employees and agents of the Authority that are in conformity with the purposes and intent of this Resolution be, and the same hereby are, in all respects, approved and confirmed.

Section 8. The publication on behalf of the Authority of the notice of public hearing pursuant to Section 147(f) of the Code and the conduct of such public hearing by and on behalf of the Authority with respect to the issuance of the Notes is hereby ratified, authorized and approved.

Section 9. The Authority hereby allocates to the Notes the “volume cap” reallocated or to be reallocated by the City to the Authority in an amount equal to the aggregate principal amount of the Notes actually to be issued.

Section 10. The Authority reasonably expects (based upon information supplied by the Borrower, upon which it is reasonable and prudent for the Authority to rely) to reimburse the Expenditures with proceeds of the Notes.

Section 11. The Notes, or any one or more series thereof, may be, but are not required to be, initially issued in book-entry form and registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee, as securities depository.

Section 12. The formation of Fannie Emanuel Housing Development, LLC, and Fannie Emanuel Senior Housing Limited Partnership with related documents needed for the formation of said entities is hereby ratified; and authorization is hereby given for various significant actions to be undertaken by the General Partner (either in its own capacity or as the general partner of the Partnership). Such actions include the execution and delivery of the operating agreement of the General Partner, the execution and delivery of the amendment to the limited partnership agreement of the Partnership, the execution and delivery of the development agreement, and the execution and delivery of various financing, acquisition, and other development and/or management documents.

Section 13. The General Partner Designated Officers, and each of them hereby, is authorized to execute and deliver such documents, certificates, and undertakings of the General Partner (either in its own capacity or as the general partner of the Partnership) as may be required by this Resolution.

Section 14. The Authority is authorized to enter into a RAD Conversion Commitment with HUD for the Fannie Emanuel Senior Apartments (RAD Commitment).

Section 15. The Authority is authorized to enter into a Housing Assistance Payments (HAP) Contract under the United States Department of Housing and

Urban Development Rental Assistance Demonstration program and execute such other documents as may be required under RAD for the financing and operation of the Project including but not limited to amendment to the MTW Agreement Attachment A, as required by HUD.

Section 16. The Authority is authorized to enter into a contract with Gilbane Building Company for construction management services and assign the contract to the Partnership.

Section 17. The provisions of this Resolution are hereby declared to be separable and if any section, phrase or provision hereof shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.

Section 18. All resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 19. This Resolution shall be in full force and effect immediately upon its passage, as by law provided.

This award is subject to each Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 resident hiring, bonding and insurance requirements.