



August 12, 2015

Item No. 17

AUTHORIZATION TO AMEND PREVIOUSLY APPROVED CREDIT FACILITIES AND RESOLUTION NOS. 2013-CHA-91 AND 2014-CHA-87 TO SUPPORT REAL ESTATE ACQUISITION PROGRAM (REAP) ACTIVITIES

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (Board) authorize amendments to the previously approved Federal Home Loan Bank (“FHLB”) and BMO Harris Bank NA (“BMO”) lines of credit and Resolution Nos.: 2013-CHA-91 and 2014-CHA-87 to authorize the Acting Chief Executive Officer (“Acting CEO”), without further Board approval, to: 1) negotiate and execute acquisition transaction documents and related financing; and 2) identify specific collateral as needed in connection with the lines of credit. Such actions would only be subject to HUD approval if required by Federal regulations.

CORPORATE GOAL

The proposed amendment supports Plan Forward by developing vibrant communities as it provides financing for the Real Estate Acquisition Program and allows CHA to be competitive with other buyers in the market.

FUNDING: CHA Non Federal/Federal cash/ securities pledged as collateral in an amount not to exceed \$25 million and \$35 million for the FHLB and BMO facilities, respectively, plus expenses. Prior HUD approval is required to pledge Federal cash/securities as collateral.

GENERAL BACKGROUND

The Board of Commissioners has previously approved two credit facilities to support CHA’s unit acquisition program, known as the “Real Estate Acquisition Program” (“REAP”). The first, approved in June 2013, under Resolution No. 2013-CHA-44, is through FHLB in the amount of \$20 million. The second line of credit facility through BMO was initially approved in October 2013, under Resolution No. 2013-CHA-91. In August 2014, pursuant to Resolution No. 2014-CHA-87, the BMO authorization was amended to allow CHA to borrow under an unsecured basis and include non-residential community development initiatives.

Typical due diligence periods for real estate transactions are 45-60 days. The current requirement for Board approval to access the line of credit extends the due diligence period to at least 90 days making CHA acquisition offers non-competitive with standard buyers. By allowing the Acting CEO to negotiate and execute acquisition transaction documents and identify specific collateral as needed, CHA will be in a better position to acquire properties in Opportunity Areas and improve quality of life for its residents.

Conclusion

The Board action recommended in this item complies in all material respects with all applicable CHA Board policies and all applicable federal regulations.

The Chief Financial Officer concurs with the recommendation to amend the previously approved Federal Home Loan Bank and BMO Harris Bank NA lines of credit and Resolution Nos.: 2013-CHA-91 and 2014-CHA-87 to authorize the Acting CEO, without further Board approval, to: 1) negotiate and execute acquisition transaction documents and related financing; and 2) identify specific collateral as needed in connection with the lines of credit.

The Acting CEO recommends the approval to amend the previously approved Federal Home Loan Bank and BMO Harris Bank NA lines of credit and Resolution Nos.: 2013-CHA-91 and 2014-CHA-87 to authorize the Acting Chief Executive Officer, without further Board approval, to: 1) negotiate and execute acquisition transaction documents and related financing; and 2) identify specific collateral as needed in connection with the lines of credit.

RESOLUTION 2015-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated August 12, 2015 requesting authorization to amend the previously approved Federal Home Loan Bank and BMO Harris Bank NA lines of credit and Resolution Nos.: 2013-CHA-91 and 2014-CHA-87 to authorize the Acting Chief Executive Officer, without further Board approval, to: 1) negotiate and execute acquisition transaction documents and related financing; and 2) identify specific collateral as needed in connection with the lines of credit;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Acting Chief Executive Officer or his designee to amend the previously approved Federal Home Loan Bank and BMO Harris Bank NA lines of credit and Resolution Nos.: 2013-CHA-91 and 2014-CHA-87 to authorize the Acting Chief Executive Officer, without further Board approval, to: 1) negotiate and execute acquisition transaction documents and related financing; and 2) identify specific collateral as needed in connection with the lines of credit.

Prior HUD approval is required to pledge Federal cash/securities as collateral.