

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 which pertain to its local government and affairs; and

WHEREAS, the City has determined that the continuance of a shortage of affordable housing to persons of low and moderate income 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, and to issue multi-family housing revenue bonds or loan or grant other legally available funds of the City for such purpose ("**Multi-Family Program Funds**"); and

WHEREAS, the City receives from the United States Department of Housing and Urban Development an allocation of funds pursuant to the HOME Investment Partnerships Program ("**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, pursuant to an ordinance passed by the City Council of the City (the "**City Council**") on February 6, 1991 and published at pages 29536 through and including 29540 in the Journal of the Proceedings of the City Council (the "**Journal**") for that date, the City authorized the Department of Housing ("**DOH**") to make a loan of HOME Funds in the amount not to exceed \$626,000 with an interest rate of zero percent per annum and a term not to exceed 30 years, which was revised by an ordinance passed by the City Council on March 8, 1993 and published at pages 29217 through and including 29221 of the Journal for that date, the City authorized DOH to increase the loan of HOME Funds to an amount not to exceed \$1,669,975 with an interest rate of zero percent per annum and a term not to exceed 32 years (the "**HOME Loan**") to Augusta Associates Limited Partnership, an Illinois limited partnership (the "**Original Borrower**"), the sole general partner of which is Augusta Development, Corp., an Illinois corporation, for the fee simple acquisition and rehabilitation of a single building, three-story, walk-up, residential rental housing development, commonly known as Palmer Place Apartments, containing approximately thirty-six (36) one- and two-bedroom units affordable to low- and moderate- income families, on land generally located at 3301 West Palmer Street and 2142-2156 North Spaulding Avenue, Chicago, Illinois (the "**Project**"); and

WHEREAS, on or about June 18, 1993 (the "**Closing Date**"), the City made the HOME Loan to the Original Borrower and the Original Borrower used the HOME Loan proceeds for Project; and

WHEREAS, the HOME Loan was evidenced by, among other things, (a) that certain Housing Loan Agreement executed by the Original Borrower dated as of the Closing Date (the "**Loan Agreement**"); (b) a note dated on the Closing Date made by the Original Borrower in favor

of the City (the "**Note**"); and (c) a regulatory agreement dated on the Closing Date in connection with the HOME Loan (the "**Regulatory Agreement**"); and the HOME Loan was secured by, among other things, that certain Junior Mortgage and Security Agreement dated as of the Closing Date (such mortgage, together with the Loan Agreement, the Note, the Regulatory Agreement, and any other documents executed for the benefit of the City in connection with the Project, the "**City Documents**"); and

WHEREAS, the Original Borrower desires to sell the Project and transfer its rights, duties, obligations, and guaranties under the City Documents to 3301 W Palmer LLC, an Illinois limited liability company (the "**New Borrower**"), of which the manager is CH GP Palmer LLC, an Illinois limited liability company, whose member is Catalina GP LLC, a Delaware limited liability company, the sole member of which is Erik Aukland, whose manager is Catalina Housing LLC, a Delaware limited liability company; and

WHEREAS, in accordance with the City Documents, the Original Borrower has requested that DOH consent to its proposal; and

WHEREAS, pursuant to an ordinance adopted on April 19, 2024, and published at pages 11493 through and including 11568 of the Journal for such date, and amended by an ordinance adopted on October 16, 2025 and published at pages 33145-33357 of the Journal for such date (as amended, the "**2024 HED Bond Ordinance**"), the City Council authorized, among other things, the issuance of certain general obligation bonds in one or more series, in an aggregate principal amount not to exceed \$1,250,000,000 and the use of Authorized Funds (as defined in the 2024 HED Bond Ordinance) for the Purposes as defined therein; and

WHEREAS, DOH has preliminarily reviewed and approved the making of a loan to the New Borrower in an amount not to exceed \$4,000,000 (the "**New Loan**") to fund the New Borrower's acquisition of the Project, which loan will be funded with Authorized Funds and/or Multi-Family Program Funds, pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; and

WHEREAS, DOH has approved the sale and transfer of the Project (the "**Restructuring**") in a manner that (1) will provide the New Loan to the New Borrower; (2) will not alter the principal balance of the HOME Loan; (3) will not alter the interest rate on the principal balance of the HOME Loan; (4) will extend the maturity date of the HOME Loan; (5) will not alter the lien position of the HOME Loan or the recorded City Documents; (6) will consent to the sale and transfer of the Project and transfer of the Original Borrower's outstanding HOME Loan balance, rights, duties, obligations, and guaranties under the City Documents to the New Owner; (7) will consent to the New Borrower's assumption of the outstanding HOME Loan balance, the City Documents, and the Original Borrower's rights, duties, obligations, and guaranties associated with the Project; (8) may amend certain compliance requirements in the City Documents; and (9) at the time of transfer, will release the Original Borrower from its rights, duties, obligations, and guaranties under the City Documents (collectively, the "**Material Terms**"); 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 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 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 the 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 HOME Loan that does not substantially modify the Material Terms.

SECTION 3. 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 Loan, and DOH is hereby authorized to administer the New Loan. If the New Loan is funded with Authorized Funds, this section supersedes the requirements of Section 2.18(l) of the 2024 HED Bond Ordinance. 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 Loan 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 Loan 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 (a) the owners and operators of the Project as of the date following the date of the closing of the Restructuring (collectively, the "**Owner**"); (b) any legal entities which are direct or indirect owners in excess of 7.5% of the Owner and which changed in connection with the Restructuring; and (c) any legal entities that constitute direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel) and which changed in connection with the Restructuring, 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 Restructuring.

SECTION 5. 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 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 2-44-085 through 2-44-105 of the Municipal Code of Chicago shall not apply to the Project.

SECTION 7. This ordinance shall take effect upon its passage and approval.

EXHIBIT A

BORROWER: 3301 W Palmer LLC, an Illinois limited liability company, of which the manager is CH GP Palmer LLC, an Illinois limited liability company, whose member is Catalina GP LLC, a Delaware limited liability company, the sole member of which is Erik Aukland, whose manager is Catalina Housing LLC, a Delaware limited liability company, and others to be hereafter selected as non-managing members.

PROJECT: Fee simple acquisition of a three-story, walk-up, residential rental building, commonly known as Palmer Place Apartments, containing approximately thirty-six (36) one- and two-bedroom dwelling units affordable to low- and moderate- income families and related common areas, generally located at 3301 West Palmer Street and 2142-2156 North Spaulding Avenue, Chicago, Illinois (the "**Property**").

1. NEW LOAN

Source: Authorized Funds and/or Multi-Family Program Funds
Amount: Not to exceed \$4,000,000
Term: Not to exceed 30 years
Interest: 0% per annum
Security: Non-recourse, third lien mortgage on the Property, and/or such other security acceptable to the Authorized Officer, junior to the First Lien IHDA Mortgage and the Second Lien City Mortgage (each as described below) (the "**2026 Third Lien City Mortgage**")

ADDITIONAL FINANCING

2. EXISTING 2008 IHDA HDB LOAN MADE TO ORIGINAL BORROWER

Amount: Existing principal loan balance of \$790,331 plus accrued interest
Source: Illinois Housing Development Authority ("IHDA")
New Term: 30 years, or such term acceptable to the Authorized Officer
New Interest: 1% per annum, or such rate acceptable to the Authorized Officer
Security: First Mortgage, Security Agreement and Assignment of Rents and Leases dated as of March 25, 2008 from the Original Borrower to IHDA (the "**First Lien IHDA Mortgage**")

3. EXISTING 1993 CITY HOME LOAN MADE TO ORIGINAL BORROWER

Amount: Existing principal loan balance of \$1,431,715
Source: City HOME Loan
New Term: 30 years, or such term acceptable to the Authorized Officer
Interest: 0% per annum, or such rate acceptable to the Authorized Officer
Security: Junior Mortgage and Security Agreement dated the Closing Date

from the Original Borrower to the City, junior to the First Lien IHDA Mortgage (the "**Second Lien City Mortgage**")

4. EXISTING 1993 IHDA LOAN MADE TO ORIGINAL BORROWER

Amount: Existing principal loan balance of \$500,000
Source: IHDA
New Term: 30 years, or such term acceptable to the Authorized Officer
Interest: 0% per annum, or such rate acceptable to the Authorized Officer
Security: Third Mortgage and Security Agreement dated as of May 1, 1993 from the Original Borrower to IHDA, junior to the First Lien IHDA Mortgage, the Second Lien City Mortgage, and the 2026 Third Lien City Mortgage (the "**Fourth Lien IHDA Mortgage**")

5. EXISTING 2008 IHDA TRUST FUND LOAN MADE TO ORIGINAL BORROWER

Amount: Existing principal loan balance of \$99,822
Source: IHDA
New Term: 30 years, or such term acceptable to the Authorized Officer
Interest: 0% per annum, or such rate acceptable to the Authorized Officer
Security: Fourth Mortgage, Security Agreement and Assignment of Rents and Leases dated as of March 25, 2008 from the Original Borrower to IHDA, junior to the First Lien IHDA Mortgage, the Second Lien City Mortgage, the 2026 Third Lien City Mortgage, and the Fourth Lien IHDA Mortgage (the "**Fifth Lien IHDA Mortgage**")

6. NEW BORROWER (BUYER) EQUITY

Amount: Approximately \$246,705
Source: Original Borrower, or other source acceptable to the Authorized Officer

7. CONTRIBUTED EXCESS PROJECT RESERVES

Amount: Approximately \$37,614
Source: Existing Project accounts, or another source acceptable to the Authorized Officer