AUTHORIZATION TO RESTRUCTURE THE LOAN AGREEMENT WITH XS TENNIS & EDUCATION FOUNDATION

Presenter: Michael J. Gurgone, Chief Investment Officer

Recommendation
It is recommended that the Board of Commissioners authorize the Chief Executive Officer or her designee to (1) restructure the loan agreement with XS Tennis & Education Foundation through June 30, 2022; (2) execute the loan restructure related documents and (3) perform such actions as may be necessary and appropriate to perform the loan restructure.

CHA proposes to restructure its current loan through June 30, 2022, interest shall be 3.5% annually simple, paid quarterly. All interest payments for the CHA loan are current through June 30, 2020. A new capital raising campaign and loan refinancing effort are expected to provide for repayment of the CHA loan by June 30, 2022.

The requested action complies in all material respects with all applicable federal, state and local laws, and Chicago Housing Authority board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Compliance: NA

Funding
No additional funding required

Background
XS Tennis & Education Foundation (XSTEF) is an Illinois not-for-profit corporation led by Kamau Murray. In 2015, the CHA sold 13.5 acres of vacant land at the former Robert Taylor site to XS Tennis Village LLC (XS Tennis), an Illinois limited liability company for $2 million to build a world-class tennis and educational facility supported by the City of Chicago through New Market Tax Credit financing. XSTEF is the New Market Tax Credit leasehold tenant which provided financing to construct the facility. As a result of environmental and other construction related costs, a second tranche of funding was provided by IFF, Chicago Community Loan Fund, the CHA and a private philanthropist in January, 2017. CHA Board of Commissioners approved a $1.5 million loan to XSTEF at 3.50% maturing in January 2020. (2016 CGA-55)

Chicago Community Loan Fund and IFF (‘Senior Lenders’) worked with XSTEF and CHA in connection with a recapitalization of the entire second tranche of lending during December 2019.
Those efforts continued into 2020 and would have resulted in a First Quarter 2020 closing, in which the CHA loan would have been timely paid. However, the Senior Lenders were unable to restructure their loans during the First Quarter 2020, and CHA has been asked to restructure the maturity date of its loan. Due to the terms of the Intercreditor Agreement amongst the lenders, CHA as a junior lender is restricted from pursuing traditional creditor claims.

XSTEF completed the development of its state-of-the-art regional tennis complex consisting of 27 indoor and outdoor courts. XS Tennis has fulfilled its commitments to public benefits including providing over 100 construction jobs, 17 minority coaching jobs, 6 full time permanent jobs as well as 10 summer jobs and 30 CHA summer camp scholarships annually. CHA children receive free programming. Additionally, hundreds of local Chicago Public Schools children have training throughout the academic year.

Respectfully Submitted:

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Tracey Scott
Chief Executive Officer
Resolution No. 2020-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated July 21, 2020 entitled “Authorization to (1) restructure the loan agreement with XS Tennis & Education Foundation in the amount of $1.5 Million with an interest rate of 3.5% payable quarterly with principal due at maturity on June 30, 2022; (2) execute the loan restructure related documents and (3) perform such actions as may be necessary and appropriate to perform the loan restructure.”

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners hereby authorizes the Chief Executive Officer or her designee to (1) restructure the loan agreement with XS Tennis & Education Foundation through June 30, 2022, in the amount of $1.5 million with an annual interest rate of 3.5%, paid quarterly and principal due at maturity; (2) execute the loan restructure related documents and (3) perform such actions as may be necessary or appropriate to perform the loan restructure.

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Angela Hurlock
Chairperson
Chicago Housing Authority