

32502
ADOPTED – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
DECEMBER 11, 2014

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS

RESOLUTION

**AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE
INTERGOVERNMENTAL AGREEMENT BETWEEN THE BOARD OF TRUSTEES OF COMMUNITY
COLLEGE DISTRICT NO. 508 AND THE CITY OF CHICAGO REGARDING THE HAROLD WASHINGTON
CULTURAL CENTER
OFFICE OF THE GENERAL COUNSEL**

WHEREAS, there is certain property located at 4701 South Dr. Martin Luther King, Jr. Drive, in the Bronzeville Community, Chicago, Illinois, that is improved with a facility known as the Harold Washington Cultural Center (the “HWCC”), the construction of which was funded in part by grants (“City Grants”) from the City of Chicago (“City”) and from other government agencies, which grants are secured by certain grant agreements (“Grant Agreements”) and subordinate liens on the HWCC; and

WHEREAS, the HWCC is owned, managed and operated by Tobacco Road, Inc. (“TRI”); and

WHEREAS, in addition to the City Grants and grants from other government agencies, TRI also obtained a loan from ShoreBank secured by a superior mortgage on the HWCC (the “ShoreBank Loan and Mortgage”), which loan and mortgage was subsequently acquired by Urban Partnership Bank; and

WHEREAS, After default by TRI, ShoreBank and the City instituted proceedings in the Circuit Court of Cook County (the Foreclosure Lawsuit”) to foreclose the ShoreBank Mortgage and the City liens, which proceeding is still pending; and

WHEREAS, in 2010, the City concluded that TRI needed a strong financial and operational partner in order to allow the property to be used to its fullest potential in promoting the visual and performing arts in the Bronzeville community; and

WHEREAS, on September 8, 2010, the Board of Trustees of Community College District No. 508 (“Board” or “District”) authorized the execution of an intergovernmental agreement between

the District and the City (the "IGA"), in which the City transferred its interests in certain Grant Agreements to the District. The IGA, which was executed on January 28, 2011, also authorized the transfer from the City the amount of \$1,468,172.19 to the District which allowed the District to purchase the ShoreBank Loan and Mortgage that was held at that time by Urban Partnership Bank; and

WHEREAS, TRI has recently received a pledge of financial support in the amount of \$1.5 million from the State of Illinois; and

WHEREAS, TRI has proposed to pay the District \$1,468,172.19 for the ShoreBank Loan and Mortgage; and

WHEREAS, the City and the District have concluded that it is in the best interests of the City and the District to have the District accept \$1,468,172.19 from TRI as full satisfaction of the ShoreBank Loan and Mortgage, and return to the City these funds (less any appropriate amount for legal and other costs incurred by the District), in addition to reassigning to the City the District's interest in the Grant Agreements; and

WHEREAS, the City and the District have concluded that it is in the best interests of the City and the District to dismiss the Foreclosure Lawsuit, subject to the approval of the court, after TRI's payment of the amount set forth above and TRI's agreement to terms for future operation of the HWCC to the City's satisfaction;

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of Community College District No. 508, as follows:

1. The Board makes the findings and determinations set forth the preamble as if fully set forth herein.
2. The IGA shall be amended to make the changes, accept the payment, make the reassignment and dismiss the foreclosure action as described in the preamble.
3. The District is authorized to execute and deliver an amendment to the IGA consistent with the terms of this resolution, with such additional terms and agreements as will carry out the terms and intent of this resolution.

4. After the execution of the IGA amendment, and the fulfillment of all terms of the IGA, transferring the ShoreBank Loan and Mortgage to TRI in exchange for \$1,468,172.19 and returning to the City the interest in the Grant Agreements and the satisfaction by TRI of all of its obligations set forth herein, the District is authorized to seek approval from the judge presiding to settle and dismiss the Foreclosure Lawsuit.

5. Following the dismissal of the Foreclosure Lawsuit, the District shall transfer \$1,468,172.19, less appropriate amounts to compensate the District for its costs and attorneys fees with respect to the IGA and the Foreclosure Lawsuit, to the City.

6. This resolution shall be effective immediately.

December 11, 2014 – Office of the General Counsel