

ORDINANCE NO. 003-141

AN ORDINANCE PERMITTING
COLLATERAL ASSIGNMENT OF THE
GROUND LEASE FOR PERSHING
AND STATE, L.P., CHICAGO, ILLINOIS,
TO TENANT'S MORTGAGEES

WHEREAS, The Chicago Transit Authority ("Authority") owns certain vacant right-of-way property along the Green Line located on the north side of East Pershing Road, east of South State Street, Chicago, Illinois ("Property"); and

WHEREAS, The City of Chicago, in conjunction with the developer, Pershing and State, L.P. ("Developer"), entered into a Redevelopment Agreement to construct and operate a mixed-income housing development at the northeast corner of East Pershing Road and South State Street, Chicago, Illinois ("Project"), which is located immediately adjacent to and west of the Authority's Property; and

WHEREAS, The Project includes construction of a five-story, eighty-unit rental apartment building ("Rental Apartment Building"); and

WHEREAS, One third of the rental units at the Rental Apartment Building will be leased to the Chicago Housing Authority for use as public housing replacement units; and

WHEREAS, The City and the Developer required long-term use of the Authority's Property for vehicular parking purposes at the Rental Apartment Building to comply with City Planning and Zoning regulations; and

WHEREAS, Pursuant to Chicago Transit Board Ordinance No. 003-49, dated April 2, 2003, the Authority entered into a 35- year ground lease ("Ground Lease"), with two fifteen-year renewal options, for the Authority's Property ("Leased Property") with the Developer as "Tenant"; and

WHEREAS, Use of the Leased Property is limited by the Ground Lease to vehicular parking and driveway purposes for the benefit of the Rental Apartment Building and would also permit the Developer to aesthetically improve the Property by landscaping and fencing it; and

WHEREAS, As is customary for large construction projects, the Developer secured funding for the Pershing and State Affordable Housing Development through mortgages with Bank of America, N.A., the City of Chicago, the Chicago Housing Authority, The Community Development Trust, L.P., NEF Mortgage Corporation; and NEF Assignment Corporation (collectively referred to as the "Mortgagees"); and

ORDINANCE NO. 003-141

(Continued) -2

WHEREAS, The Developer has requested that the Authority consent to an assignment of the Ground Lease and all of its interest and rights therein to the Mortgagees, which will, along with the Rental Apartment Building, act as security for said mortgages; and

WHEREAS, The assignment of the Ground Lease will not alter the Authority's rights under said Lease since the Mortgagees, should all or any of them succeed to the interest of the Developer in the Ground Lease, will be subject to all terms and conditions set forth therein; and

WHEREAS, In the event the Mortgagees, or any of them, succeed to the Developer's interest in the Project, including but not limited to the Leased Property and Rental Apartment Building, the Mortgagees may desire to transfer their interest in the Project and reassign the Ground Lease to other entities; and

WHEREAS, It is in the Authority's interest that the Mortgagees not be permitted to transfer their interests in the Leased Property separately from their interests in the Rental Apartment Building; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD
OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. That the Chicago Transit Board hereby authorizes Pershing and State, L.P., to assign its Ground Lease with the Authority to its mortgagees (Bank of America, N.A., the City of Chicago, the Chicago Housing Authority, The Community Development Trust, L.P., NEF Mortgage Corporation, and NEF Assignment Corporation), and to future secured lenders who have a mortgage interest in the building to be known as the Rental Apartment Building for collateral purposes only, provided that the Mortgagees may not transfer or assign any interests they may have in the Property leased from the Authority from time to time, unless such interest in the Property is transferred concurrently with, and to the same entity as, any transfer of a like interest in the Rental Apartment Building.

SECTION 2. That the Chairman, or her designee, is hereby authorized to execute the letter dated September 18, 2003, from Paul W. Shadle, attorney for Pershing and State, L.P., and approved by Pershing and State, L.P., authorizing this assignment, which is attached hereto as Exhibit A.

ORDINANCE NO. 003-141
(Continued) -3

SECTION 3. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

October 7, 2003

Assistant Secretary

October 7, 2003