

ORDINANCE NO. 015-70

AN ORDINANCE AUTHORIZING A  
FUNDING AND LICENSE  
AGREEMENT WITH T-MOBILE, AT&T,  
VERIZON AND SPRINT FOR SUBWAY  
CELLULAR UPGRADE

WHEREAS, The Authority operates rapid transit train service in underground tunnels owned by and located in and around the City of Chicago pursuant to an ordinance passed by the City Council of the City of Chicago on April 23, 1945 (the "CTA Ordinance"); and

WHEREAS, The CTA Ordinance provides in Sections 2 and 9 that the Authority has the authority to make improvements in the underground tunnels (the "Subway") and further provides in Section 7 that the Authority has authority to enter into concession agreements for the Subway; and

WHEREAS, The Subway currently has a 2G and 3G cellular phone antenna system in its tunnels that requires an upgrade; and

WHEREAS, Each of T-Mobile Central, LLC ("T-Mobile"), New Cingular Wireless PCS, LLC ("AT&T"), Chicago SMSA Limited Partnership ("Verizon") and SprintCom, Inc. ("Sprint") (collectively, the "Carriers") or their affiliates is currently a party to a license agreement with the Authority to use the 2G and 3G system; and

WHEREAS, The Authority entered into a design-build agreement with Aldridge Electric Inc., Contract No. C13FI101375566, dated on or about August 1, 2014 to construct a new commercial wireless system ("CWS") in the CTA Subway in order to upgrade the current 2G and 3G service to 4G cellular data and voice service for the benefit of the Authority's customers and the Authority's Operations and Safety and Security departments; and

WHEREAS, The Carriers have agreed to reimburse the Authority up to \$32.5 million for the Authority's costs to design, construct and install the CWS and desire to enter into a concession license with the Authority pursuant to which the Carriers will be obligated to operate and maintain the CWS and will be permitted to modernize and upgrade the CWS as technology changes; and

WHEREAS, The proposed Subway funding agreement and concession license ("Agreement") provides that, upon reimbursement of the Authority's costs by the Carriers, ownership of the CWS will transfer to the Carriers for a period of 20 years, with a possible five-year extension, after which ownership of the CWS will revert to the Authority; and

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WHEREAS, The Agreement will also grant the Carriers a concession license to use the CWS to provide wireless telecommunication services to their customers for an annual license fee of \$500,000.00, which is subject to an annual escalation of 3.0%; and

WHEREAS, The Chicago Infrastructure Trust assisted the Authority in identifying the Carriers and in negotiations with them; and

WHEREAS, The Agreement will require the Carriers to accommodate any new wireless service provider that desires to use the CWS; and

WHEREAS, Staff has determined that the Agreement is in the best interests of the Authority; now, therefore:

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

SECTION 1. The Chairman of the Transit Board of the Chicago Transit Authority, or his designee, is authorized to execute a funding and licensing agreement with T-Mobile, AT&T, Verizon and Sprint that requires the Carriers to reimburse the Authority up to Thirty-Two Million, Five Hundred Thousand Dollars (\$32.5 million) for the Authority's costs to design, construct and install a new commercial wireless (CWS) system in the Subway; grants a concession license to the Carriers which obligates them to operate and maintain the CWS and permits them to modernize and upgrade the CWS; requires the Carriers to pay the Authority an annual license fee of Five Hundred Thousand Dollars (\$500,000.00) with three percent (3%) annual increases; upon reimbursement of the Authority's costs by the Carriers transfers ownership of the CWS to the Carriers for a period of twenty (20) years with a possible five (5) year extension, after which ownership will revert to the Authority; and contains such other terms substantially in the form attached hereto as Exhibit A; and is further authorized to execute any other documents and to take such other actions as are necessary or desirable to implement the objectives of this ordinance including payment of a \$200,000.00 success fee to the Chicago Infrastructure Trust for its work on facilitating and negotiating the licensing agreement.

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SECTION 2. This Ordinance shall be in full force and effect from and after its passage.

APPROVED

PASSED:

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Chairman

July 15, 2015

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Assistant Secretary

July 15, 2015