

ORDINANCE NO. 98-27

AN ORDINANCE AUTHORIZING  
THE LEASE AND LEASEBACK OF  
AN ELEVATED MASS TRANSIT LINE

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

SECTION 1. *Findings.*

(a) The Chicago Transit Authority (the "Authority") has certain rights of ownership and use with respect to the elevated mass transit line commonly referred to as the "Green Line," including non-exclusive operating railroad rights-of-way.

(b) The Authority has invited proposals from parties to serve as an arranger for a lease and leaseback of the Green Line. Various proposals to serve as arranger have been received and of these it is determined that a proposal submitted by BankAmerica Leasing and Capital Group (the "Arranger") is the best proposal, taking into account qualifications and estimated return to the Authority. This proposal is on file with the Secretary of the Chicago Transit Board (the "Board"), the governing and administrative body of the Authority.

(c) It is in the best interest of the Authority to enter into concurrent lease and leaseback transactions with respect to the Green Line, as described in Section 2 of this Ordinance, subject to approvals, determinations and satisfaction of conditions as set forth in Section 3 of this Ordinance.

(d) Leasing by the Authority (or by a grantor trust created by the Authority and of which the Authority is the sole beneficiary) of the Green Line, coupled with the concurrent leaseback of such Green Line by the Authority (or by a grantor trust created by the Authority and of which the Authority is the sole beneficiary), all as more fully described in Section 2 of this Ordinance, is determined to be useful for the Authority's purposes, in particular because of the present financial gain to the Authority to be derived from such transaction, all as required and described in this Ordinance.

(e) In connection with the lease and leaseback of the Green Line by the Authority, it is in the best interests of the Authority to direct the Regional Transportation Authority (the "RTA") to pay, under certain circumstances, a portion of the RTA taxes imposed under Section 4.03 of the Regional Transportation Authority Act, 70 ILCS 3615/1.01 et seq. (the "RTA ACT"), and allocable to the Authority under Section 4.01(d) of the RTA Act (the "Authority Receipts"), to a trustee or other entity specified in the Transaction Documents (as defined below).

ORDINANCE NO. 98-27  
(Continued) -2

(f) The Authority is authorized pursuant to the terms and provisions of the Metropolitan Transit Authority Act, 70 ILCS 3605/1 et seq. (the "Act"), including, without limitation, Section 3605/8 of the Act, and the terms and provisions of the Local Government Debt Reform Act, 30 ILCS 350/1 et seq., to enter into the proposed lease and leaseback transaction with respect to the Green Line and to cause the redirection of the Authority Receipts as described in 1(e) above.

SECTION 2. *Authorization of Transaction.*

(a) the final terms and conditions of the lease and concurrent leaseback of the Green Line and the direction to the RTA with respect to the Authority Receipts shall be evidenced in the Transaction Documents, subject to the provisions of the Determination of the Authorized Officers, all as more fully defined and described in Section 3 of this Ordinance.

(b) For purposes of establishing the terms and conditions of the lease and leaseback of the Green line, the fair market value of the Green Line will be determined pursuant to an independent appraisal performed by American Appraisal Associates.

(c) The Authority shall pay all transaction costs associated with the Green Line transaction, including, without limitation, the fees and disbursements of its counsel, from a portion of the lease payments received by the Authority upon the closing of the transaction or from other sources available to the Authority.

(d) The respective terms of the lease agreement and the sublease agreement with respect to the Green line transaction shall begin on the date specified in the Determination, provided that such date shall not be later than June 1, 1998.

(e) The net present value to the Authority from the transaction, determined after subtracting all transaction costs payable by the Authority, shall be as set forth in the Determination, provided that such present value shall not be less than four percent (4%) of the appraised fair market value of the Green Line, as described in this Ordinance.

(f) The law firm of Chapman and Cutler is appointed as counsel to the Authority in connection with the Green line transaction described in this Ordinance.

ORDINANCE NO. 98-27  
(Continued) -3

(g) The Chairman of the Committee on Finance, Audit and Budget of the Board and President of the Authority (each, an "Authorized Officer" and together, the "Authorized Officers") are each individually authorized to execute and deliver a lease agreement for the Green Line, a sublease agreement for the Green Line, and such other agreements and documentation including, without limitation, tax indemnity agreements; documentation providing for the establishment of a business or grantor trust to be designated by the Authority as the legal title holder of the Green Line and/or granting such other duties and powers to the grantor trust as are determined by the Authorized Officer executing any such document to be necessary and in the best interests of the Authority to consummate the lease and concurrent leaseback transaction described in the Ordinance; guarantees, irrevocable payment agreements or other forms of financial security or credit enhancement to secure payment of amounts due under the lease agreement or sublease agreement; depository agreements; participation agreements; a letter of direction to the RTA with respect to the Authority Receipts; and such other documents as are determined by the Authorized Officers to be required to secure or document the obligations of the Authority, the grantor trust described above and the lessee under the lease agreement or to secure or document the obligations of the sublessee and the Authority under the sublease agreement (collectively, the "Transaction Documents"), the execution of all such Transaction Documents to constitute conclusive evidence of such Authorized Officer's approval and the approval of the Board.

(h) There is created pursuant to Section 40 of the Act the "Green Line Lease Obligation Proceeds and Security Fund" of the Authority, with such accounts and subaccounts as the Treasurer of the Authority may from time to time establish. The Treasurer of the Authority is authorized and directed to deposit in this Fund the net present financial gain to the Authority of the Green line transaction authorized by this Ordinance, after making the various payments required by or described in this Ordinance.

SECTION 3. *Lease and Leaseback Determination.* Subject to the conditions contained in this Ordinance, there is delegated to the Authorized Officers, jointly, the power, and such persons are authorized jointly, to execute and cause to be filed with the Secretary of the Board a written determination (the "Determination"),

ORDINANCE NO. 98-27  
(Continued) -4

establishing and approving the terms and conditions relating to the Green Line lease and leaseback transaction described in Section 2. attached to this Determination shall be a copy of each executed Transaction Document. In addition, the Determination, including by reference to the Transaction Documents, shall establish:

(a) To what extent the Green Line and portions thereof, will be leased by the Authority (or a grantor trust, as described in this Ordinance) as lessor and concurrently subleased by the Authority (or a grantor trust, as described in this Ordinance) as sublessee.

(b) Whether the Authority has established a grantor trust to serve as the legal title holder of the Green Line and/or sublessee of the Green Line and the powers and duties of any such grantor trust, which powers and duties may be established by reference to the documentation creating the trust.

(c) The amount of the equity contributions and loan payments to be received at the closing of the Green Line lease and sublease transaction.

(d) Payment amounts and dates for each installment of rent to be paid under the lease and sublease.

(e) The date of termination, in including renewal option, for the lease and sublease.

(f) The price at which the Green Line may be purchased at the end of the sublease term (or renewal thereof).

(g) The providers of any financial guarantees, insurance policies, irrevocable payment agreements or other forms of financial security or credit enhancement arrangements (collectively, "*Financial Guarantee Arrangements*") entered into by the Authority to secure the obligation to make rent payments under the lease agreement and sublease agreement and the terms and conditions of such Financial Guarantee Arrangements, including any applicable fees.

(h) The respective stipulated loss values, insurance coverages and default amounts, if any, with respect to the Green Line, on each rent payment date under the lease agreement and the sublease agreement;

ORDINANCE NO. 98-27  
(Continued) -5

(i) The net present value to the Authority from the Green Line lease and sublease transaction, determined as provided in Section 2; and

(j) Such other matters, actions or documents not inconsistent with the purpose of this ordinance as the Authorized Officers shall determine to be necessary and in the best interests of the Authority in order to accomplish the consummation of the Green Line lease and concurrent leaseback transaction authorized by this Ordinance, including without limitation, modifying and supplementing terms and conditions specified in this Ordinance in ways not materially affecting the terms of the lease and concurrent leaseback transaction authorized by this Ordinance.

SECTION 4. *Appropriation.*

(a) Except as provided in paragraph (b) of this Section 4, all obligations for the payment of money by the Authority under the Green Line lease agreement and sublease agreement and any other Transaction Document are subject to appropriation in accordance with law by the Authority for the year in which the payment is to be made.

(b) Payment of costs to the Authority relating to the lease and sublease transaction, as described in Section 2(c) of this Ordinance, are appropriated from amounts to be received upon the closing of the Green Line transaction. To the extent that any amounts are prepaid by the Authority with respect to the Green Line lease agreement or sublease agreement, such amounts are appropriated by this Ordinance for the purposes specified in the Transactions Documents.

SECTION 5. *Effectiveness.* This Ordinance shall be in full force and effect from and after its passage. All prior ordinances, resolutions, rules or portions of them, which are in conflict with this Ordinance, are repealed to the extent of such conflict.

APPROVED:

  
Vice Chairman

March 11, 1998

PASSED:

  
Secretary

March 11, 1998