

ORDINANCE NO. 000-84

AN ORDINANCE AUTHORIZING
THE SUBSTITUTION OF
COLLATERAL SECURING THE
AUTHORITY'S OBLIGATIONS
UNDER CERTAIN DOCUMENTS
RELATING TO LEASE AND
LEASEBACK TRANSACTIONS

WHEREAS, In 1996 and 1997 the Chicago Transit Authority (the "Authority") and certain grantor trusts created by the Authority (the "Trusts") entered into lease and leaseback financial transactions with respect to certain Authority real estate: a rail maintenance facility located in Skokie, Illinois; an office building located at 120 North Racine Avenue, Chicago, Illinois; a bus maintenance facility located at 358 South Kedzie, Chicago, Illinois; a bus maintenance facility located at 642 North Pulaski, Chicago, Illinois; a bus maintenance facility located at 10201 South Stony Island Avenue, Chicago, Illinois; and a central warehouse facility located at 901 West Division Street, Chicago, Illinois; and

WHEREAS, The Authority will receive a financial net benefit by substituting collateralized guaranteed investment contracts for the U.S. Treasury STRIPS currently securing the Authority's and the Trusts' obligations under certain lease and leaseback transactions; and

WHEREAS, In order to enter into the transactions relating to the substitution of the collateral it is necessary for the Chicago Transit Board (the "Board") to authorize the Authority (and the Trusts) to enter into various documents described on this Ordinance; and

WHEREAS, The Board believes that consummating the collateral substitution is in the best interests of the Authority in particular because of the present financial gain to the Authority to be derived from such transaction, now, therefore:

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

SECTION 1. Authorization of Transaction and Documents. The substitution of collateralized guaranteed investment contracts issued or guaranteed by AIG International Group, Inc. for the U.S. Treasury STRIPS currently securing the Authority's (and the Trusts') obligations to BNY Capital Funding LLC is hereby authorized and approved. The Chairman of the Board and the Vice Chairman of the

ORDINANCE NO. 000-84

(Continued) -2

Authority (each, an "Authorized Officer" and together, the "Authorized Officers" are each individually authorized to execute and deliver: (1) Equity Collateral Substitution and Amendment Agreements in substantially the form attached hereto as Exhibit A, with respect to each of the lease and leaseback financial transactions for the facilities described in the preambles hereto; (2) directions to the Trusts to execute and deliver Equity Payment Undertaking Agreements with respect to each of the lease and leaseback financial transactions for the facilities described in the preambles hereto and the Equity Collateral Substitution and Amendment Agreements described above, together with such other documents relating to the foregoing; and (3) such other agreements and documents as are determined by the authorized Officers to be required to secure or document the obligations of the Authority and the Trusts (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.

SECTION 2. Creation of Security Fund. There is created pursuant to Section 40 of the Metropolitan Transit Authority Act the "Lease/Leaseback 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 transactions authorized by this Ordinance, after making the various payments required by or described in the Equity Collateral Substitution and Amendment Agreements.

SECTION 3. Public Bidding. The Board hereby determines that due to the complex nature of the lease and leaseback transactions and the substitution of collateral relating thereto, competitive bidding of the substitution of collateral is disadvantageous.

SECTION 4. 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:

PASSED:

Chairman

Assistant Secretary

July 5, 2000

July 5, 2000