

ORDINANCE NO. 001-63

AN ORDINANCE AUTHORIZING A
LEASE AGREEMENT WITH MCI WORLDCOM
NETWORK SERVICES, INC. FOR PERMISSION TO
LEASE ONE (1) USER DUCT OF THE FIBER
OPTIC COMMUNICATION SYSTEM IN THE
CHICAGO TRANSIT AUTHORITY'S BLUE LINE
O'HARE BRANCH RIGHT-OF-WAY

WHEREAS, Chicago Transit Board Ordinance No. 99-113 authorized a contract ("Contract") between the Chicago Transit Authority (the "Authority") and MFS Network Technologies, Inc., now Adesta Communications (the "Contractor"), to install and market a fiber optic communications system along the Authority's Blue Line O'Hare Branch for lease to telecommunications companies; and

WHEREAS, The Contract permits the Contractor to install nine (9) fiber optic ducts in the Authority's Blue Line right-of-way from O'Hare Airport to the Loop area in downtown Chicago (the "O'Hare Branch"); and

WHEREAS, On October 4, 2000, Chicago Transit Board Ordinance No. 000-117 authorized an amendment to the Contract permitting the Contractor to install an additional three (3) user ducts in the same right-of-way for a total of twelve (12) ducts; and

WHEREAS, The Contractor will expend over twelve million (\$12,000,000) dollars to construct and install the fiber optic cable system and is required to provide routine and emergency maintenance service for twenty (20) years; and

WHEREAS, The initial phase of the Contract provides that the Contractor will market the project to the third party user community to identify secured financial commitments to the project; and

WHEREAS, The proposed third party users will be required to enter into long term Lease Agreements with the Authority for use of the fiber optic system; and

WHEREAS, The Contractor has marketed the fiber optic system to MCI WORLDCOM Network Services, Inc., a telecommunications company, which plans to lease one (1) user duct from the Authority for one million eight hundred thousand (\$1,800,000) dollars; and

WHEREAS, Revenue generated from the proposed Lease Agreement with MCI WORLDCOM Network Services, Inc. will be initially applied to the cost of constructing and installing the fiber optic system pursuant to the Contract and the Authority will receive a seventy-five (75%) per cent share of all revenues from the Lease Agreements in excess of the initial system cost; and

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WHEREAS, The Authority will retain fee title to the fiber optic telecommunications system; and

WHEREAS, The proposed revenue generated from the Lease Agreement will be used to subsidize the cost of providing and maintaining a fiber optic communications backbone for the Authority to better serve the Authority's customers; now, therefore:

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

SECTION 1. That the Chairman of the Chicago Transit Board, or her designee, is hereby authorized to negotiate and execute a Lease Agreement with MCI WORLDCOM Network Services, Inc. for one (1) fiber optic duct located in the Authority's Blue Line/O'Hare Branch right-of-way, for a term not to exceed March 31, 2022 and at a total, non-recurring fee of one million eight hundred thousand (\$1,800,000) dollars. Said agreement will require that MCI WORLDCOM Network Services, Inc. provide the Authority with appropriate insurance coverage and such other terms that are substantially in conformance with the other terms set forth in Exhibit A.

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

APPROVED:

PASSED:

Chairman

April 4, 2001

Assistant Secretary

April 4, 2001