

ORDINANCE NO. 020-61

AN ORDINANCE AUTHORIZING A
SHORT-TERM EXTENSION OF TWO
LEASE AGREEMENTS WITH CLEAR
CHANNEL OUTDOOR, LLC FOR THE
OPERATION AND MAINTENANCE OF
BILLBOARDS ON CHICAGO TRANSIT
AUTHORITY PROPERTY

WHEREAS, The Chicago Transit Authority ("Authority") awarded Clear Channel Outdoor, Inc., whose successor-in-interest is Clear Channel, LLC ("Clear Channel"), two Lease Agreements, pursuant to Chicago Transit Board Ordinance No. 010-73 dated July 14, 2010, for the maintenance and operation of twenty-four (24) outdoor advertising structures composed of thirty-four (34) advertising display faces (billboards) located on property owned, managed or controlled by the Authority; and

WHEREAS, Each Lease Agreement was awarded for a term of ten years commencing on August 1, 2010 and expiring on July 31, 2020; and

WHEREAS, The structures covered by the agreements are of different values for advertising purposes based on location and were therefore divided into two separate leases, Lease Agreement # 1 and Lease Agreement # 2; and

WHEREAS, Lease Agreement #1 covers eleven (11) outdoor advertising structures consisting of twenty-one (21) billboards and requires that Clear Channel pay the Authority an amount equal to the greater of a minimum annual rent of Fifty Thousand Dollars (\$50,000.00) or thirty-two and one-half percent (32.5%) of revenue collected from the sale of advertising space; and

WHEREAS, Lease Agreement #2 covers thirteen (13) individual advertising structures/billboards and requires that Clear Channel pay the Authority an amount equal to the greater of a minimum annual rent of Four Hundred Seventy-Five Thousand Dollars (\$475,000.00) or fifty-eight and one-half percent (58.5%) of advertising revenue; and

WHEREAS, Billboard advertising has proven to be a good source of non-farebox revenue to the Authority; and

WHEREAS, The Authority has issued a Request for Proposals (RFP) for a new contract for billboard advertising and needs additional time to complete the RFP process; and

WHEREAS, Staff recommends that the Chicago Transit Board authorize month-to-month extensions of Lease Agreements # 1 and #2 for up to five (5) months to allow Clear Channel to continue operating and maintaining the advertising structures/billboards and the Authority to continue collecting a steady revenue stream during the RFP process for a new contract; and

ORDINANCE NO. 020-61
(Continued) -2

WHEREAS, The Lease Agreements shall renew on a month-to-month basis through and including the revised expiration date of December 31, 2020, unless the Authority terminates the Lease Agreements prior to said date; and

WHEREAS, During the extension period, Clear Channel will continue to pay the percentages of revenue required by the Lease Agreements but will not be required to provide a minimum rent guarantee; and

WHEREAS, All other provisions of the Lease Agreements will remain in full force and effect; now, therefore:

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

SECTION 1. The Chicago Transit Board hereby authorizes month-to-month extensions of Lease Agreements #1 and #2 with Clear Channel for the maintenance and operation of twenty-four outdoor advertising structures composed of thirty-four billboards located on property owned, managed or controlled by the Authority for up to five (5) months.

SECTION 2. The Chairman of the Board, or his designee, is hereby authorized to execute extensions with Clear Channel Outdoor, LLC which extend Lease Agreements #1 and #2 on a month-to-month basis for up to five (5) months to no later than December 31, 2020, require Clear Channel to continue to pay monthly rent pursuant to the percentage of revenue stated in each Lease Agreement, remove the minimum rent guarantees provided in the Lease Agreements, and contain such other terms as are substantially in conformance with the First Lease Extension Amendment to Lease Agreement (Lease #33879) attached as Exhibit A hereto and the First Lease Extension Amendment to Lease Agreement (Lease #33878) attached as Exhibit B hereto.

SECTION 3. The Chairman of the Board, or his designee, is further authorized to take such actions and execute such documents as may be necessary to implement the objectives of this ordinance.

SECTION 4. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

Assistant Secretary

July 15, 2020

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