

ORDINANCE NO. 022-5

AN ORDINANCE AUTHORIZING A
PURCHASE AND SALE AGREEMENT
WITH STERLING RACINE, LLC FOR
THE SALE OF AUTHORITY
PROPERTY LOCATED AT 120 NORTH
RACINE AVENUE, CHICAGO, ILLINOIS

WHEREAS, The Chicago Transit Authority ("Authority") owns the property located at 120 North Racine Avenue, Chicago, Illinois ("Property"); and

WHEREAS, The Property includes a building with 84,879 square feet of office space on its first and second floors that the Authority currently leases to Sterling Racine, LLC ("Sterling") pursuant to Ordinance No. 015-88 ("Lease"); and

WHEREAS, The Lease contains various terms and conditions, including a provisional right of first refusal for Sterling to purchase the Property ("ROFR"); and

WHEREAS, The Board authorized the General Counsel and the Chief Infrastructure Officer to notify Sterling that the Authority is interested in selling the Property upon negotiation of a favorable agreement or agreements, pursuant to Ordinance No. 020-94; and

WHEREAS, The parties have come to terms, and the General Counsel and the Chief Infrastructure Officer now seek Transit Board consent to execute a Purchase and Sale Agreement (the "PSA"), attached as Exhibit A hereto, pursuant to which Sterling will construct a new control center and related facilities for the Authority in exchange for the Property; and

WHEREAS, Sterling will deposit Thirty-Five Million Dollars (\$35,000,000.00) into an escrow account upon execution of the Purchase and Sale Agreement, to be used by the Authority to pay Sterling for construction of the new control center and related facilities, and the Authority may pay Sterling an additional amount for the new facilities depending on the full project scope which has not yet been finalized; and

WHEREAS, The Authority and Sterling are negotiating a separate agreement (the "Development Agreement") for Sterling to construct the new control center and related facilities and improvements for the Authority at the Authority's West Shops facility at West Lake Street and North Pulaski Avenue, Chicago, Illinois; and

WHEREAS, Upon successful negotiation of the Development Agreement, the General Counsel and the Chief Infrastructure Officer will return to seek Board approval to execute the Development Agreement or any additional agreements that require Board approval; and

ORDINANCE NO. 022-5
(Continued) -2

WHEREAS, Sterling is permitted to terminate the PSA within the 90-day due diligence period and has the option to terminate the PSA if Sterling is unable to obtain the necessary licenses, permits, and approvals for the new facility within nine (9) months after the execution of this agreement, which Sterling has the option to extend for up to six (6) more months, but if Sterling terminates due to an inability to obtain the necessary approvals the Authority will have the opportunity to obtain such approvals and the agreement will remain in effect if Authority is able to do so within 90 days; and

WHEREAS, The PSA permits the Authority to remain in the Property rent-free for up to nine (9) months after the completion of the new control center, with the Authority paying its share of building operating expenses, pursuant to a separate lease that the parties are negotiating (the "Temporary Leaseback Lease"); and

WHEREAS, All provisions of the lease between the Authority and Sterling, including but not limited to the indemnification and termination provisions, will remain in effect until the Property is transferred; now, therefore:

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

SECTION 1. The Chicago Transit Board authorizes the sale of the Authority's Property located at 120 North Racine Avenue, Chicago, Illinois, to Sterling Racine, LLC.

SECTION 2. The Chairman of the Board, or his designee, is authorized to execute a Purchase and Sale Agreement with Sterling Racine, LLC for the sale of the Property which requires Sterling to make a payment of Thirty-Five Million Dollars (\$35,000,000.00) into an escrow account at closing, requires Sterling to build a new control center for the Authority, states that the payment that Sterling makes at closing will be disbursed to Sterling in exchange for building the new control center, permits the Authority to terminate the agreement if the parties cannot negotiate a Development Agreement that is approved by the Board, permits Sterling to terminate the agreement during the ninety (90) day due diligence period, permits Sterling to terminate the agreement if it is unable to obtain the required approvals for the new control center subject to the Authority obtaining such permits, permits the Authority to lease space at the Property rent-free through nine (9) months after the completion of the new control center, requires that the Authority pay its share of building operating expenses while it continues to occupy the Property, and contains such other terms as are substantially in conformance with the Purchase and Sale Agreement attached as Exhibit A hereto.

ORDINANCE NO. 022-5
(Continued) -3

SECTION 3. If the Authority's General Counsel and Chief Infrastructure Officer come to an agreement on terms with Sterling Racine for the Development Agreement, the Temporary Leaseback Lease, or any other agreement that requires Board approval, staff must seek separate Board approval prior to execution of such agreements.

SECTION 4. The Chairman, 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 5. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

Assistant Secretary

January 12, 2022

January 12, 2022