

ORDINANCE NO. 022-86

AN ORDINANCE AUTHORIZING A
GROUND LEASE WITH BICKERDIKE
REDEVELOPMENT CORP. OR ITS
AFFILIATE FOR AUTHORITY
PROPERTY LOCATED AT 2525
NORTH KEDZIE BOULEVARD,
CHICAGO, ILLINOIS (BLUE LINE)

WHEREAS, The Chicago Transit Authority ("Authority") owns real property located at 2525 North Kedzie Boulevard, Chicago, Illinois containing 43,154 square feet ("Property") as shown in Exhibit A hereto; and

WHEREAS, The Property is improved with a one-story brick building of approximately 12,200 square feet of commercial space; and

WHEREAS, In response to a Request for Proposals ("RFP") for a ground lease ("Ground Lease") of the Property, the Authority has identified Bickerdike Redevelopment Corporation, an Illinois not-for-profit corporation of affordable housing, as a viable tenant for the Property; and

WHEREAS, The Property will be redeveloped with affordable housing and neighborhood retail; and

WHEREAS, The parties have agreed to enter into a term sheet for the Ground Lease, which includes a term of ninety-nine (99) years and total rent in the amount of Five Million Dollars (\$5,000,000.00); and

WHEREAS, The term sheet states that Bickerdike Redevelopment Corporation or its affiliate ("Ground Lessee") will pay the Authority Two Hundred Fifty Thousand Dollars (\$250,000.00) upon execution of the Ground Lease and Four Million Seven Hundred Fifty Thousand Dollars (\$4,750,000.00) upon expiration of the 36-month period that Ground Lessee has to obtain all financing, permits, and governmental approvals ("Entitlement Period"); and

WHEREAS, Ground Lessee will be responsible for all applicable taxes and utility fees; and

WHEREAS, Ground Lessee will indemnify the Authority for its use of the leased areas, obtain insurance, and issue a guaranty in favor of the Authority to secure its development obligations; and

WHEREAS, The Ground Lease will contain a due diligence period of 120 days, during which Ground Lessee may terminate the Ground Lease and have the initial \$250,000.00 payment returned but after which the payment becomes non-refundable; and

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WHEREAS, If Ground Lessee is unable to obtain the financing, permits, and approvals by the expiration of the 36-month Entitlement Period, then either of the parties may terminate the Ground Lease unless all approvals are pending, which would give Ground Lessee the right to extend the Entitlement Period for an additional twelve (12) months upon payment of \$150,000.00 of the remaining amount due; and

WHEREAS, Ground Lessee is permitted to mortgage its leasehold interest in the Ground Lease; and

WHEREAS, The Ground Lease will contain a right of first refusal in favor of the Authority if Ground Lessee intends to (i) sell the Project, (ii) sell or transfer the controlling interest in Ground Lessee, or (iii) transfer Ground Lessee's interest in the Ground Lease; and

WHEREAS, Staff has requested that the Board authorize execution of a Ground Lease containing the same material terms as the term sheet attached as Exhibit B hereto and provide the Authority's Chief Infrastructure Officer or designee authorization to extend the due diligence period and/or the Entitlement Period upon written agreement with Ground Lessee; now, therefore:

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

SECTION 1. The Chairman of the Chicago Transit Board, the Chief Infrastructure Officer, or their designees are authorized to enter into a ground lease agreement with Bickerdike Redevelopment Corporation or its affiliate for Authority property located at 2525 North Kedzie Boulevard, Chicago, Illinois.

SECTION 2. The Ground Lease shall have a term of ninety-nine (99) years, require Ground Lessee to make an initial payment of Two Hundred Fifty Thousand Dollars (\$250,000.00) and a final payment of Four Million Seven Hundred Fifty Thousand Dollars (\$4,750,000.00) for a total payment of Five Million Dollars (\$5,000,000.00), require that Ground Lessee indemnify the Authority and obtain insurance, and contain a due diligence period of 120 days, an Entitlement Period of thirty-six (36) months, and such other terms as are substantially in conformance with the Letter of Intent with Respect to Requisition No. B17RG04521R2 Regarding Ground Lease for Property Located at 2525 North Kedzie Boulevard, Chicago, Illinois attached as Exhibit B hereto.

SECTION 3. The Chief Infrastructure Officer or designee is authorized to extend the due diligence period and/or the Entitlement Period contained in the Ground Lease upon written agreement with Ground Lessee.

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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

July 13, 2022

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