

ORDINANCE NO. 022-144

AN ORDINANCE AUTHORIZING AN
INTERGOVERNMENTAL AGREEMENT
WITH THE CITY OF CHICAGO TO
RECEIVE TRANSIT TAX INCREMENT
FINANCING (TIF) REVENUES FOR
THE RED LINE EXTENSION (RLE)
PROJECT

WHEREAS, The Chicago Transit Authority (the “Authority”) is a political subdivision, body politic, and municipal corporation of the State of Illinois organized and existing under the Metropolitan Transit Authority Act, 70 ILCS 3605 (the “MTA Act”); and

WHEREAS, The Authority is undertaking a project to build stations and extend rail infrastructure on the Red Line, also known as the Red Line Extension (RLE) Project (the “Project”), the largest capital improvement project ever undertaken by the Authority; and

WHEREAS, The Project is a 5.6-mile rail extension of the Red Line from the 95th Street Terminal to the new terminal station near 130th Street, with four new fully-accessible stations near 103rd Street, 111th Street, Michigan Avenue, and 130th Street, multimodal connections at each station, including park and ride facilities, and a new railcar storage yard and maintenance facility; and

WHEREAS, The Project will reduce commute times for residents, improve mobility and accessibility, and foster economic development, where stations may serve as catalysts for neighborhood revitalization, and will extend the benefits of equity, accessibility, connectivity, economic opportunity, and sustainability to Chicago’s Far South Side; and

WHEREAS, The total budget for the Project is estimated to be \$3.6 billion;
and

WHEREAS, One source of funding for the Project to pay up to \$959,000,000 in project costs (including closing costs on any debt) is incremental property tax revenues (“Transit TIF Revenues”) to be received from the City of Chicago (the “City”) generated from a tax increment financing redevelopment project area, located within a transit facility improvement area, to be established by the City, pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq), and in accordance with the terms of the Redevelopment and Intergovernmental Agreement between the City and the Authority (the “IGA”), attached hereto as Exhibit A; and

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WHEREAS, The IGA contemplates funding being provided either: (a) directly via a Pay-Go mechanism, or (b) as repayment of one or more loans or financing instruments, including a potential loan from the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA), as represented by one or more notes (“Notes”) with the City on a back-to-back basis with such debt, with a term not to exceed 35 years; and

WHEREAS, IGA requires the Authority to certify that it will have sufficient funds to complete the Project; and

WHEREAS, The Authority will indemnify the City and pay any out-of-pocket costs, including attorney’s fees, that the City incurs in enforcing the IGA; and

WHEREAS, The IGA requires the Authority’s General Counsel or outside counsel to execute a legal opinion substantially in conformance with the Opinion of CTA’s Counsel attached as Exhibit I to the IGA; and

WHEREAS, Staff is recommending that the Transit Board approve the negotiation and execution of the IGA (which IGA is intended to occur on or before December 14, 2022); and

WHEREAS, Staff is requesting that the Board further authorize the Chairman of the Board and the President and Chief Financial Officer of the Authority to approve changes to the terms of the draft IGA prior to execution and execute and deliver or accept all such instruments or documents, including the Notes, that are necessary to comply with the IGA; now, therefore:

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

SECTION 1. Definitions. In this ordinance, each of the terms defined in the above recitals shall have the meanings ascribed to such terms and the following term shall have the meaning ascribed to the term below, unless the context otherwise requires:

(a) “Authorized Officer” means the Chairman of the Board, the President or Treasurer/Chief Financial Officer of the Authority, or any other officer or employee of the Authority or member of the Board authorized to perform specific acts or duties hereunder by ordinance duly adopted by the Authority.

SECTION 2. Findings and Determinations. It is found and declared by the Board as follows:

(a) All of the recitals contained in the preamble to this ordinance are incorporated in full as part of this ordinance.

(b) The Board hereby determines that it is necessary and in the best interests of the Authority to delegate to the Authorized Officers the authority to determine various terms pertaining to the execution and performance of the IGA within the limitations set forth in the MTA Act and this ordinance, and that such delegation is permissible.

SECTION 3. Approval of Intergovernmental Agreement. The Authorized Officers are each hereby authorized to execute and deliver the IGA in the name and on behalf of the Authority on substantially the terms set forth in the Chicago Transit Authority Red Line Extension (RLE) Project Redevelopment and Intergovernmental Agreement attached as Exhibit A hereto which, among other things, allows the City to provide the Authority with a not-to-exceed principal amount of Nine Hundred Fifty-Nine Million Dollars (\$959,000,000.00) inclusive of closing costs, plus interest, from Transit TIF Revenues to fund RLE Project costs and requires the Authority to indemnify the City, with such changes as may be approved by any Authorized Officer executing the same, with such execution to constitute conclusive evidence of the approval of such Authorized Officer and the Authority of any and all such changes.

SECTION 4. Prior Actions Ratified and Confirmed. The prior actions of the Authorized Officers and all other authorized officers and agents of the Authority in doing any and all acts necessary in connection with the execution of the IGA are hereby approved, ratified, and confirmed.

SECTION 5. Ratification and Continued Effectiveness of Actions of any Authorized Officer Who, for any Reason, Ceases to be an Authorized Officer. In the event that any Authorized Officer executes or delivers any document or other instrument approved hereunder and later ceases to be such an Authorized Officer before the delivery or performance of the document or instrument so executed, whether by reason of resignation, death, or otherwise, any such document or instrument so executed or delivered and any such other action taken in connection therewith shall be and continue to be authorized by this ordinance and valid, binding, and enforceable against the Authority and the Board.

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SECTION 6. Authorization and Ratification of Subsequent Acts. The Authorized Officers are each hereby authorized to do all such acts and showings and to execute and deliver or accept all such instruments or documents on behalf of the Authority as may be deemed necessary or appropriate to carry out and comply with, or evidence compliance with, the provisions of this ordinance and the IGA, and all of the acts and doings of the Authorized Officers of the Authority which are in conformity with the intent and purposes of this ordinance, whether heretofore or hereafter taken or done, shall be and are hereby in all respects, ratified, confirmed, and approved. Without limiting the generality of the foregoing, the Authorized Officers of the Authority are hereby each also authorized to execute, acknowledge, and deliver such certificates, agreements, and documents which, in the opinion of counsel to the Authority, are necessary to effectuate the provisions of this ordinance, including the execution and delivery of the IGA and the entry into the Notes.

SECTION 7. Conflicting Ordinances Amended. All other ordinances or parts thereof in conflict herewith are, to the extent of such conflict, hereby amended to conform to this ordinance.

SECTION 8. Severability. If any section, paragraph, or provision of this ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining provisions.

APPROVED:

PASSED:

Chairman

Assistant Secretary

November 15, 2022

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