

ORDINANCE NO. 024-47

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

WHEREAS, The Chicago Transit Authority (“Authority”) owns fee title to the parcel of real property located at 120 North Racine Avenue, Chicago, Illinois (“Property”), which includes “Parcel A-1” (“East Parcel”) and “Parcel A-2” (“West Parcel”), legally described in Exhibit A hereto; and

WHEREAS, The Authority operates a control center at the Property that is used to control the transportation activities of the Authority; and

WHEREAS, Sterling Racine, LLC (“Sterling Racine”) leases space within the Authority’s office building located at the Property pursuant to the Authority’s lease with Sterling Racine dated August 17, 2015 (the “Sterling Lease”), per Ordinance No. 015-88; and

WHEREAS, Section 25.16 of the Sterling Lease provides that Sterling Racine has a right of first refusal to purchase the Property in accordance with the terms set forth in that section; and

WHEREAS, Sterling Racine agreed to purchase the Property, through its affiliate, Sterling Racine Owner, LLC (“Sterling Purchaser”), and the Authority and Sterling Purchaser executed a certain Purchase and Sale Agreement dated January 31, 2022 for the sale of the Property to Sterling Purchaser, per Ordinance No. 022-5, as amended by the First Amendment effective as of May 1, 2022, per Ordinance No. 022-85 (the “PSA”); and

WHEREAS, The Authority and Sterling Racine entered into a Professional Services Contract for Predevelopment Services for the Training and Control Center Operations dated October 14, 2022 (the “Pre-Development Agreement”) and a Development Agreement dated December 14, 2022 (the “Development Agreement”) for Sterling Racine to construct a new control center and related facilities and improvements (“New CTA Facility”) on certain property located at West Lake Street and North Pulaski Road, Chicago, Illinois, pursuant to Ordinance Nos. 022-121 and 022-160; and

WHEREAS, The Authority and Sterling Purchaser now desire to amend and restate the terms of the PSA to provide for the separate sales of the East Parcel and West Parcel at separate closings (“Amended and Restated Agreement”); and

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WHEREAS, Rather than transferring the entire Property to Sterling Purchaser and leasing back a portion of the Property until operations are transferred to the new facility as described in the PSA, under the Amended and Restated Agreement the Authority will retain ownership of the West Parcel while the new facility is being completed; and

WHEREAS, The total purchase price for the Property will remain at Thirty-Five Million Dollars, with the purchase price for the East Parcel set at Eleven Million Seven Hundred Thousand Dollars (\$11,700,000.00) and the purchase price for the West Parcel at Twenty-Three Million Three Hundred Thousand Dollars (\$23,300,000.00), subject to credit in favor of Sterling Racine as set forth in the Pre-Development Agreement; and

WHEREAS, The closing date for the East Parcel will be based on the date the City Council of the City of Chicago adopts a Planned Development (PD) Ordinance affecting the property where the New CTA Facility will be built. If this New CTA Facility PD Ordinance is adopted by August 1, 2024, the East Parcel closing date shall occur by September 30, 2024, and if the PD Ordinance is adopted between August 1, 2024, and December 31, 2024, the East Parcel closing date shall occur no later than March 1, 2025; and

WHEREAS, Sterling Purchaser will have the option to terminate the Amended and Restated Agreement if the City Council has not adopted the PD Ordinance by December 31, 2024 or if construction on the New CTA facility has not commenced by June 30, 2025; and

WHEREAS, Following the East Parcel closing date, the Authority will retain ownership of the West Parcel and continue to occupy, use, and/or lease those portions of the West Parcel not subject to the Sterling Lease until such time after the completion of the New CTA Facility, and the closing on the West Parcel shall be within six (6) months of the Authority vacating of the West Parcel; now, therefore:

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

SECTION 1. The Chicago Transit Board hereby authorizes a second amendment and restatement of the purchase and sale agreement for the sale of the Authority's Property located at 120 North Racine Avenue, Chicago, Illinois, to Sterling Racine Owner, LLC.

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SECTION 2. The Chairman of the Board, or designee, is authorized to execute an Amended and Restated Purchase and Sale Agreement with Sterling Racine Owner, LLC which provides for separate closings for the East and West Parcels of the Property, keeps the total purchase price for the Property at Thirty-Five Million Dollars (\$35,000,000.00), requires Sterling Racine Owner, LLC to pay the Authority Eleven Million Seven Hundred Thousand Dollars (\$11,700,000.00) upon closing of the East Parcel and Twenty-Three Million Three Hundred Thousand Dollars (\$23,300,000.00) upon closing of the West Parcel, subject to credit in favor of Sterling Racine, LLC as set forth in the Pre-Development Agreement between the Authority and Sterling Racine, LLC dated October 14, 2022, sets the closing date for the East Parcel based on the date the City Council of the City of Chicago adopts a Planned Development (PD) Ordinance affecting the property where the New CTA Facility will be located, provides Sterling Racine Owner, LLC the option to terminate the Amended and Restated Agreement if the City Council has not adopted the PD Ordinance by December 31, 2024 or if construction on the New CTA facility has not commenced by June 30, 2025, permits the Authority to retain ownership of the West Parcel and continue to occupy, use, and/or lease the portions of the West Parcel not subject to the Sterling Lease until the completion of the New CTA Facility, requires the closing date for the West Parcel to occur within six (6) months of the Authority vacating of the West Parcel, includes a joinder executed by Sterling Racine, LLC to acknowledge its obligations under the Development Agreement for the New CTA Facility and under the Sterling Lease, and contains a confidentiality clause and such other terms as are substantially in conformance with the Amended and Restated Purchase and Sale Agreement attached as Exhibit B hereto.

SECTION 3. The Chairman, or 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

Secretary

April 10, 2024

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