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**LEASE AGREEMENT**

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**Between the Public Building Commission of Chicago  
and the  
Chicago Transit Authority**

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Property of Cook County Clerk's Office

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THIS LEASE AGREEMENT (the "*Lease*") dated as of March 31, 2003, by and between the Public Building Commission of Chicago, a municipal corporation of the State of Illinois (hereinafter sometimes referred to as the "*Commission*"), as Lessor, and the Chicago Transit Authority, a municipal corporation of the State of Illinois (hereinafter sometimes referred to as the "*Lessee*"):

## WITNESSETH:

WHEREAS, the Public Building Commission of Chicago is a municipal corporation duly organized under the provisions of the "Public Building Commission Act" of the State of Illinois, as amended (hereinafter sometimes referred to as the "*Act*"), for the purpose, among others, of making possible the construction, acquisition, rehabilitation or enlargement of public improvements, buildings and facilities at convenient locations within the County Seat of Cook County, Illinois, for use by governmental agencies in the furnishing of essential governmental, health, safety and welfare services; and

WHEREAS, the Commission has heretofore undertaken the acquisition, construction, improvement, alteration, repair, renovation, rehabilitation and equipping of buildings and facilities on behalf of various governmental agencies; and

WHEREAS, the Chicago Transit Authority is a municipal corporation duly organized and validly existing under the provisions of the "Metropolitan Transit Authority Act" of the State of Illinois, as amended (the "*MTA Act*"), with the power to acquire, construct, own, operate and maintain for public service a transportation system in the metropolitan area of Cook County, Illinois; and

WHEREAS, the Lessee has determined that it is in the best interests of the Metropolitan Area of Cook County, Illinois, to negotiate, pursuant to a request for proposal, a build-to-suit arrangement for real property and an office building (the "*Project*"); and

WHEREAS, the Lessee has requested that the Commission undertake a program for the acquisition and construction of the Project in cooperation with the Lessee; and

WHEREAS, the Commission and the Lessee have decided that it is in their best interests to undertake the Project and for the Commission to issue its Building Revenue Bonds, Series 2003 (Chicago Transit Authority) (the "*Bonds*") for the purpose of acquiring and constructing the Project; and

WHEREAS, the Lessee has proposed the acquisition of a site located at 567 West Lake Street, Chicago, Illinois, which site is hereinafter described on *Exhibit A* attached hereto and made a part hereof (the "*Site*") and the building and facilities to be constructed on the Site (the "*Building and Facilities*"), and the acquisition of furniture, fixtures and equipment (the "*FFE*") to be installed in the Building and Facilities, and the payment or reimbursement of the Lessee's relocation expenses (the "*Relocation Expenses*"), the Site, Building and Facilities, FFE and Relocation Expenses all constituting the Project; and

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WHEREAS, the Site is conveniently located and of sufficient size to accomplish and effectuate the aforesaid purposes, and sufficient to provide for an appropriate architectural setting for the Project and related facilities; and

WHEREAS, the Commission has heretofore, pursuant to the terms and conditions of the Act, designated the Site, lying wholly within the territorial limits of the City of Chicago, Illinois, as a site to be acquired for purposes consistent with the MTA Act; and

WHEREAS, the Site has been or shall be approved by a majority of the members of the City Council of the City of Chicago, Cook County, Illinois, as required by Section 14 of the Act; and

WHEREAS, the fee title to the Site shall be acquired by the Commission on the date of the issuance of the Bonds and the Building and Facilities shall thereafter be constructed; and

WHEREAS, in order to pay the cost of the Project, it is necessary that the Commission issue the Bonds pursuant to the provisions of Section 15 of the Act and provide for the Bonds to be payable by the Commission solely from revenues to be received by the Commission from the rentals to be paid by the Lessee to the Commission in accordance with the terms of this Lease; and

WHEREAS, the total cost of the Project, and the costs of issuance of the Bonds and the funding of a debt service reserve fund and the funding of capitalized interest is estimated to be the aggregate amount of not to exceed \$125,000,000, which sum is to be provided from the proceeds to be derived from the sale of the Bonds; and

WHEREAS, to provide the necessary revenues for the payment of the Bonds, the interest and premium, if any, thereon, and to fund the accounts created by the Bond Resolution (as hereinafter defined), all as hereinafter provided, the parties desire to enter into this Lease, whereby the Commission will lease to the Lessee the Site including the Building and Facilities to be situated thereon and the other rights and property, including, without limitation, the FFE, described in Section 2 hereof (hereinafter sometimes called the "Leased Premises") for a term and at an annual rental as hereinafter set forth:

NOW, THEREFORE, in consideration of the rents reserved hereunder and the promises and covenants herein made by each of the parties hereto and for other good and valuable consideration, it is covenanted and agreed by the Commission and the Lessee, as follows:

*Section 1. Actions of the Commission.* To accomplish the Project in accordance with the Act, the following actions shall be taken by the Commission:

(A) The Commission shall, pursuant to Section 15 of the Act, provide for the execution and delivery of the Bonds authorized pursuant to a Resolution of the Commission entitled "RESOLUTION Authorizing and Providing for the Issue of not to exceed \$125,000,000 Public Building Commission of Chicago, Building Revenue Bonds, Series 2003 (Chicago Transit Authority) for the purpose of acquiring real property and

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paying the costs of constructing an office building and providing for the payment of said Bonds, and related matters" (hereinafter referred to as the "*Bond Resolution*") to the purchasers thereof.

(B) The Commission shall apply the proceeds derived from the sale of the Bonds pursuant to the terms of the Act and the *Bond Resolution*.

(C) The Commission shall acquire the fee title to the Site on the date of the issuance of the Bonds.

(D) The Commission will pay or reimburse, solely from the proceeds of the Bonds, the Lessee for its capital costs duly incurred in acquiring title to the Site, in constructing the Building and Facilities, and in purchasing and installing the FFE and for Relocation Expenses; *provided, however*, that no such costs will be paid or reimbursed without the prior written consent of the Commission.

*Section 2. Lease of the Leased Premises.* In consideration of the rents reserved and the covenants, agreements and other terms and conditions herein provided to be kept, observed and performed by the Lessee, the Commission does hereby lease the Leased Premises to the Lessee for a term commencing on the date of issuance of the Bonds and, subject to earlier termination in accordance with the provisions of Section 4 of this Lease, ending on the later of (i) February 1, 2023, or (ii) the date upon which the Bonds are no longer outstanding, as provided in the *Bond Resolution*. The Leased Premises shall include the Site, the Building and Facilities, the FFE and the following rights and properties:

(A) all machinery, apparatus, equipment, fittings and fixtures of every kind and nature whatsoever that may now or hereafter be placed in any building, structure, or improvement now or hereafter constructed or placed upon the Site or any part thereof and which shall for all purposes hereof be deemed included in the term "Building and Facilities," including, without limitation, all engines, furnaces, boilers, stokers, pumps, heaters, tanks, motors, dynamos, generators, electrical equipment, heating, plumbing, lifting and ventilating apparatus, air cooling and air conditioning equipment and apparatus, gas and electrical fixtures, elevators, shades, awnings, venetian blinds, screens and radiators, and all other building equipment used or procured for use in connection with the operation or maintenance of any such buildings, structures, or improvements; and

(B) all right, title and interest of the Commission, now owned or hereafter acquired, in and to all real estate, interest in lands, leaseholds, rights of ways, alleys, passages, tenements, hereditaments, privileges, easements, franchises and appurtenances thereunto belonging or in any way appertaining to the Site and which shall for all purposes hereof be deemed included in the term "Site."

During the term of this Lease, the Lessee shall be entitled, subject to Section 10 of this Lease, to sole possession and occupancy (subject to the Lessee's right to sublet portions of the Leased Premises) of the Leased Premises for purposes consistent with the MTA Act, and at any

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time may make any repairs, improvements, replacements, alterations, additions, demolition, extensions or rehabilitation to any of the Leased Premises at its own expense, for which the Commission shall have no liability.

*Section 3. Payment of Rent; Replenishment of Bond Reserve Account.* In consideration of the leasing of the Leased Premises, the Lessee hereby covenants and agrees to pay, or cause to be paid, in immediately available funds to the Commission, or to the Trustee designated under the Bond Resolution, for the Leased Premises as hereinafter designated, and in the amount on February 15 in each such year as set opposite each such year under the heading "Rent" as follows:

YEAR	RENT
2004	\$8,718,582.64
2005	9,944,750.00
2006	9,847,250.00
2007	9,891,000.00
2008	9,922,250.00
2009	9,814,250.00
2010	9,953,750.00
2011	9,850,000.00
2012	9,933,750.00
2013	9,756,250.00
2014	9,712,687.50
2015	9,892,437.50
2016	9,899,875.00
2017	9,840,250.00
2018	9,813,562.50
2019	9,865,875.00
2020	9,845,875.00
2021	9,804,875.00
2022	9,840,250.00
2023	9,800,687.50

Payments of Rent may be reduced by amounts to the credit of the Sinking Fund Account (as defined in the Resolution) as set forth in Section 8.2(c) of the Bond Resolution. Additional rental payments shall be made by the Lessee if, on August 10 of any year during the term of the Lease, the Trustee informs the Lessee and the Commission that the amounts then currently on deposit in the Sinking Fund Account are insufficient to pay interest on the next succeeding September 1. In such instance the Lessee shall pay to the Commission or directly to the Trustee, on or before August 15 of such year, an amount (the "Additional Rent") necessary to increase the balance to the credit of the Sinking Fund Account to an amount sufficient to pay interest on the Bonds on the next succeeding September 1. Additional Rent shall be included for the purposes of this Lease and the Bond Resolution, in the definition of "Rent."

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The Rent, together with any necessary redemption premium, may be prepaid by the CTA in order to redeem Bonds prior to maturity in accordance with Section 3.1 of the Bond Resolution. In the event that the Rent is so prepaid the Lessee shall also pay all Administrative Expenses (as defined in the Bond Resolution and as described in Sections 12, 13 and 17 herein) of the Commission.

The obligation of the Lessee to pay the Rent is an unconditional general obligation of the Lessee and is payable from any lawfully available funds of the Lessee, and the Lessee hereby covenants to annually budget and program for the payment of the Rent. The Rent consists of principal and interest components of debt service on the Bonds, and any Additional Rent as described above.

In addition, the Lessee hereby covenants and agrees to pay to the Trustee amounts necessary to replenish and immediately restore the Bond Reserve Account to the Reserve Requirement (as such terms are defined in the Bond Resolution) in the amounts and at such times as are provided in Section 8.2(b) and 8.2(c) of the Bond Resolution.

*Section 4. Quit-Claim Deed.* The Commission will (at the time of the execution and delivery of this Lease to the Commission) cause to be deposited with the Trustee a quit-claim deed from the Public Building Commission of Chicago to the Lessee, conveying all right, title and interest of the Commission in and to the Leased Premises to the Lessee. Such deed shall be delivered by the Trustee to the Lessee, and this Lease shall terminate, upon receipt of a certificate signed by the Secretary and the Treasurer of the Commission certifying to the fact that the Trustee has executed proper instruments acknowledging that the obligations of the Commission under the Bond Resolution have been discharged and satisfied in accordance with the provisions of Section 17.1 of the Bond Resolution and all administrative expenses of the Commission and all other accrued and unpaid expenses with respect to the Bonds have been paid in full or provision for their payment has been made.

*Section 5. PBC Administrative Fee.* The Lessee agrees to pay to the Commission a fee in the amount of \$2,975,000.00 (the "PBC Administrative Fee"). Such fee shall be paid in five equal annual installments on the date of the issuance of the Bonds and thereafter on February 15 of the years 2004 through 2007, inclusive. Such fee is intended to be funded with proceeds of the Bonds to be deposited with the Trustee and investment earnings thereon. The PBC Administrative Fee shall be paid in its entirety in accordance with Section 7.9 of the Bond Resolution regardless of whether the Rent is prepaid and the Bonds are defeased pursuant to Article 17 of the Bond Resolution.

*Section 6. Operation and Maintenance of Leased Premises.* The Lessee shall operate, repair and maintain the Leased Premises and undertake the cost of such operation, repairs and maintenance. The Lessee shall provide operation and maintenance services, including, but not to the exclusion of other items not specified, water, heat, light, electricity, air conditioning, repairs, replacements, janitor, cleaning, security and caretaking services, all at the Lessee's expense and without right of reimbursement from the Commission therefor; and it will observe and perform all of the applicable terms and conditions contained in the Act, in the Bond Resolution and this Lease, covering the Leased Premises. The Lessee hereby expressly waives the right to make



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repairs at the expense of the Commission, which right may be provided for in any statute or law in effect at the time of the execution of this Lease or any statute or law which may thereafter be enacted.

*Section 7. Annual Budget.* Funds available for operation and maintenance of the Leased Premises, as required hereinabove in Section 6, shall be included each year from the date of the issuance of the Bonds in the annual budget of the Lessee to be prepared annually during the term of this Lease. The Lessee shall furnish the Commission with the annual budget of the Lessee within a reasonable time after the finalization of such annual budget.

*Section 8. Construction and Improvement of Leased Premises.* The Lessee acknowledges that the Leased Premises will be sufficiently constructed and improved so that it may obtain beneficial occupancy notwithstanding any modifications or eliminations from the plans and specifications for the Project on file with the Lessee. In no event shall the Commission be liable for any defect, damage or condition of the Leased Premises. The terms and conditions of this Lease, including without limitation, the rent payments hereunder as set forth in Section 3 above, shall remain in full force and effect and continue to remain in full force and effect notwithstanding the fact that any or all of the Leased Premises may be untenable or unsuitable for Lessee's purposes for any reason whatsoever.

*Section 9. Acquisition of Site.* The Commission will acquire the Site on the date of the issuance of the Bonds; *provided*, that the Commission shall not be required to expend any moneys therefor which are not available from the proceeds derived from the sale of the Bonds as aforesaid; and *provided further*, that the failure to acquire the Site shall not give the Lessee any right to cancel or terminate this Lease or to abate, reduce or make reduction from or offset against any Rent payable under this Lease or to fail to perform or observe any of the other covenants or conditions of the Lessee under this Lease.

*Section 10. Entry Onto and Inspection of Leased Premises.* The Lessee agrees to permit the Commission and its agents at all reasonable times and upon advance reasonable notice to enter and inspect the Leased Premises during the term of this Lease.

*Section 11. Commission's Right To Improve or Repair Leased Premises.* During the term of this Lease, unless otherwise mutually agreed in writing by the Commission and the Lessee, the Commission shall have no right to improve, repair, demolish or otherwise alter any portion of the Leased Premises, nor shall the Commission sell, convey, mortgage, pledge, grant or otherwise transfer any interest in the Leased Premises (or any portion of the Leased Premises); *provided*, that if the Commission or the Lessee receives any notice of violation of any building, health, safety or other code of the City of Chicago, State of Illinois or other governmental entity with respect to the Leased Premises, and the Lessee fails to correct or contest such violation with thirty (30) days after receipt of written demand from the Commission (or such longer period as may reasonably be required for such cure, provided the Lessee diligently commences and proceeds with such cure), then the Commission may enter the Leased Premises and correct such violation and the cost thereof shall be payable by the Lessee to the Commission.

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*Section 12. Insurance Premiums; Administrative Expenses.* As provided in this Lease and in the Bond Resolution, the Lessee agrees to (i) pay the cost of the premiums for insurance (or self-insure the Leased Premises under Lessee's self-insurance program), if any, which is provided to be maintained by the Lessee under this Lease or which the Lessee is obligated to maintain under the Bond Resolution, (ii) pay the administrative expenses of the Commission attributable or allocable to the Leased Premises, including, without limitation, all fees and expenses of the Trustee, and (iii) pay any reasonable legal fees that may be incurred by the Commission, its board members or employees as a result of the ownership of the Leased Premises.

*Section 13. Indemnification.* The Lessee shall indemnify, keep and save harmless the Commission, its board members, architects, agents, officials and employees, its successors and assigns (individually and collectively), and the Trustee against all loss, including but not limited to bodily or personal injuries, death, damage or destruction of property, claims, patent claims, suits, liabilities, judgments, costs, attorneys fees' and liens and expenses which may in any way be incurred by the Commission directly or indirectly during the term of the Lease from the ownership, use or other condition of the Project or because of the acts or omission of the Lessee, its licensees, agents, officials, sublessees, employees or contractors. The Lessee shall have the right and obligation, upon notice by the Commission, to appear, defend and pay all charges and costs or expenses arising therefrom or incurred in connection therewith, and if any judgment shall be rendered against the Commission in any such action, the Lessee shall satisfy and discharge same.

The Lessee further agrees to indemnify the Commission for, and agrees to pay, any claims of Bondholders for payment after funds have been paid over from the Trustee to the Lessee after the final maturity of the Bonds pursuant to Section 13.14 of the Bond Resolution, said funds being any moneys held by the Trustee which have not been disbursed to Bondholders to pay the principal of or interest on or applicable redemption premium, if any, on the Bonds within five years from the final maturity of the Bonds. This indemnification shall survive the termination of the Lease.

*Section 14. Employer's Liability Insurance.* The Commission covenants that it will at all times carry or cause to be carried with a responsible insurance company or companies qualified to assume the risk thereof:

(A) Such worker's compensation or employers' liability insurance, covering its employees, as may be deemed necessary or advisable under law.

(B) All officers and employees of the Commission authorized to receive or retain the custody of money or to sign vouchers, checks, warrants, or evidences of indebtedness on behalf of the Commission, shall be bonded for the faithful performance of their duties and the faithful accounting of all moneys and other property that may come into their hands, in an amount to be fixed and in a form to be approved by the Commission.

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*Section 15. Property Damage Insurance.* The Lessee shall maintain property damage insurance, self-insurance, and/or pooled-risk agreements and public liability insurance, self-insurance and/or pooled-risk agreements on the Building and Facilities situated on the Site in such form and amounts and with such carriers as the Lessee may determine in its sole discretion. The Commission shall be named as an additional named insured on any such insurance policy or policies issued by commercial insurance companies. The Lessee shall provide to the Commission a copy of any certificates of insurance evidencing the specific coverages, limits of liability, and inception and expiration dates of the insurance policies. The Commission shall not insure against any physical loss or damage to the Leased Premises or any property situated in or upon the Leased Premises, including, without limitation, furniture or furnishings or any fixtures, equipment, improvements or appurtenances. The Lessee shall bear all risks of loss from any physical damage to any real or personal property or fixtures situated on the Leased Premises. The Lessee unconditionally releases the Commission from any responsibility for any and all such losses.

The Lessee shall have the sole right and authority to settle any and all claims relating to property damage or loss with the applicable insurance carrier. The Lessee may utilize proceeds derived from any such insurance in any manner that it deems appropriate (*provided*, that if any part of such proceeds are used for purposes other than the repair or rebuilding of the Building and Facilities, then the Lessee shall obtain a written opinion from a nationally-recognized bond counsel that such use will not cause the interest on the Bonds to be taxable) so long as the Lessee obtains the prior written approval of the Commission, which shall not be unreasonably withheld.

*Section 16. Books and Records.* The Commission will maintain and keep proper books of record and accounts separate from all other records and accounts, in which shall be made full and correct entries of all transactions of the Commission relating to the Leased Premises. Not later than 120 days after the close of each fiscal year, the Commission will cause an annual audit of its books, records and accounts for the preceding fiscal year to be made by an Independent Public Accountant and will mail a copy of such audit report to the Trustee and the Lessee. Such books, records and accounts shall be open for inspection to the Trustee and the Lessee at all reasonable times.

*Section 17. Net Lease.* This Lease shall be deemed and construed to be a net lease, noncancellable by the Lessee during the term hereof, and the Lessee shall pay, subject only to the provisions of Section 8.4 of the Bond Resolution and Section 3 of this Lease assigning such payments to the Trustee, to the Commission absolutely net throughout the term of this Lease the Rent and all other payments required hereunder and under the Bond Resolution, including without limitation all fees and expenses of the Trustee and the Paying Agent until the final maturity of the Bonds (notwithstanding any earlier defeasance of the Bonds) and all amounts necessary to replenish and fully restore the Bond Reserve Account to the Reserve Requirement in accordance with Section 8.2(b) and 8.2(c) of the Bond Resolution, free of any deductions, without abatement or setoff for any reason or cause whatsoever including, without limiting the generality of the foregoing:

- (i) the failure, from whatsoever cause, of the Building and Facilities to comply in any respect or respects with the plans and specifications referred to herein;

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(ii) the failure to acquire the Site and to construct the Building and Facilities and to acquire the FFE at or before the beginning of the term of this Lease;

(iii) any damage to or destruction of the Leased Premises or any part thereof, or any delay, interruption or prevention from any cause whatsoever of the use or occupancy of the Leased Premises or any part thereof, and whether or not resulting from any act of God or the public enemy, or from any restriction or requirement of law, ordinance, rule, or regulation of any public body or authority, State or Federal, having jurisdiction in the Leased Premises (whether such restrictions or requirements relate to the use or occupancy of any or all of the Leased Premises or the quality, character or condition of the Leased Premises, structures, improvements and equipment thereon or therein, or otherwise);

(iv) any failure of or any defect in the Commission's title to the Leased Premises whether or not such failure or defect interferes with, prevents or renders burdensome the use or occupancy of the Leased Premises or any part thereof;

(v) any failure in whole or in part of the Commission to obtain and maintain any insurance; or

(vi) any failure in whole or in part of the Commission to perform all or any of its other obligations, expressed or implied, to or for the benefit of the Lessee, whether such obligations are provided for in this Lease, result from operation of law, or are provided for in or result from some other contract or agreement at any time or from time to time entered into between the Commission and the Lessee.

*Section 18. Sublease of Leased Premises; Assignment of Lease by Commission; Discharge.* The leasehold rights, duties and obligations of the Lessee under this Lease shall not be assigned or sublet in whole or in part during the term of this Lease or while any of the Bonds are outstanding and unpaid, unless provision has been made for the payment thereof and the obligations of the Commission under the Bond Resolution have been discharged in accordance with the provisions of Section 17.1 of the Bond Resolution, except that the Lessee may sublease all or part of the space leased by it if such sublease is permitted by law and if such sublease will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes, as confirmed in an opinion of Bond Counsel (as defined in the Bond Resolution) delivered to the Commission and the Lessee. Notwithstanding any such sublease, the Lessee shall remain liable for all amounts payable by it under this Lease.

The Commission may assign this Lease as security for the payment of the Bonds. The Commission may assign to the beneficial owners of the Bonds the right to enforce the obligation of the Lessee to comply with the continuing disclosure undertakings contained in Section 24 of this Lease.

The Lessee may at any time deposit with the Commission Government Securities and cash or cash sufficient to purchase Government Securities sufficient to discharge the entire indebtedness of the Commission on the Bonds and all of the Commission's accrued and unpaid

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expenses (including any outstanding commitments) through the date of deposit incurred in connection with the Project as provided in Section 17.1 of the Bond Resolution and this Lease shall then end, under circumstances as allowed by Section 17 of the Bond Resolution; provided however, that the indemnities and obligations to pay the Administrative Expenses of the Commission, the Trustee and the Paying Agent shall survive such discharge.

*Section 19. Notices.* Any notice or any demand required or permitted hereunder or by the Bond Resolution shall be served in the following manner:

(A) By delivering a duly executed copy thereof to the Secretary of the Commission, if the Commission is being served or to the Secretary of the Lessee, if the Lessee is being served; or

(B) By depositing a duly executed copy thereof in the United States mail, by registered or certified mail, duly addressed to the Commission or the Lessee, as the case may be.

Service by such mailing shall be deemed sufficient if addressed to the Commission or the Lessee, as the case may be, at such address as the Commission or the Lessee may have last furnished the Trustee in writing and until a different address shall be so furnished, by mailing the same as aforesaid, addressed, as the case may be, as follows:

Public Building Commission of Chicago  
Attention: Executive Director  
Room 200, Richard J. Daley Center  
Chicago, Illinois 60602

Chicago Transit Authority  
Attention: General Counsel  
Merchandise Mart Plaza  
Room 772  
Chicago, Illinois 60654

After completion of the Building and Facilities:  
567 West Lake Street  
Chicago, Illinois 60661

With a copy to:  
Chicago Transit Authority  
Senior Vice President/Treasurer  
Merchandise Mart Plaza  
Room 722  
Chicago, Illinois 60654

*Section 20. Binding Lease.* This Lease shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns, and shall also inure to the benefit of

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the owners of any of the Bonds, as their interests may appear. Any and all prior Lease Agreements pertaining to any of the Leased Premises entered into between the Commission and the Lessee shall be deemed to be cancelled.

*Section 21. Amendments.* Notwithstanding any provisions herein to the contrary, no amendments to this Lease may be entered into without the consent of the Trustee, except amendments of and modifications to the Site which do not impair the Commission's ownership of the Leased Premises or the obligation of the Lessee to pay Rent as required by this Lease; *provided, however*, that no Bond proceeds or Rent under this Lease shall be spent with respect to any parcel not described herein without the consent of the Lessee, the Commission and the City Council of the City of Chicago to such Site amendment or modification. The Trustee may, without the consent of any owner of Bonds, consent to amendments to this Lease of a technical nature which, in the Trustee's judgment, do not impair the rights of the owners of the Bonds.

This Lease shall be amended to increase or decrease the amount of Rent payments under Section 3 in order to provide for the payment of additional Bonds issued pursuant to Article 12 of the Bond Resolution. Notwithstanding the foregoing, after any amendment required by this Section, the Rent and other payments by the Lessee under this Lease must be sufficient to provide for the payment of principal, premium, if any, and interest on the Bonds when due.

*Section 22. Events of Default; Remedies.* The Lessee shall be in default under this Lease if one or more of the following events ("*Events of Default*") shall occur and be continuing, to wit:

- a. Failure by the Lessee to make punctual payment of any amount due hereunder;
- b. The Lessee shall fail in the due and punctual performance of any of the other covenants, conditions, agreements or provisions contained herein and such failure shall have continued for a period of 60 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Lessee by the Commission or the Trustee, which may (but need not) give such notice in its discretion, and shall give such notice at the request of the owners of not less than 10% in aggregate principle amount of the Bonds then outstanding; *provided*, that the Lessee shall have a longer period as may be reasonably required to remedy such failure if the Lessee diligently commences and proceeds to remedy such failure.

- c. There shall have occurred an Event of Default under the Bond Resolution.

From and after the occurrence and continuation of an Event of Default, the Commission and the Trustee shall have the following remedies:

- a. By action at law or equity to compel observance by the Lessee or by any of its officers, agents and employees of any covenant made by the Lessee in this Lease and to compel the Lessee and any of its officers, agents and employees to perform any

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duties required to be performed hereunder and to enjoin the Lessee and any of its officers, agent or employees from taking any action in conflict with any covenant hereunder; or

b. By action at law or in equity to require the Lessee to account as if it were the trustee of an express trust; or

c. By action at law or in equity to enjoin any acts or things that maybe unlawful or in violation of the rights of the Commission under this Lease; or

d. To pursue any other remedy at law or in equity which may now be or hereinafter conferred upon the Commission as the lessor of the Leased Premises.

The rights and remedies of the Commission under this Lease shall be cumulative and shall not exclude any other rights and remedies of the Commission allowed by law with respect to any default under this Lease. Failure by the Commission to insist upon strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default hereunder by the Lessee shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by any appropriate legal remedy a strict compliance by the Lessee with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Lessee be continued or repeated.

*Section 23. Tax Covenants.* The Lessee shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on any Bond to become subject to federal income taxation in addition to federal income taxes to which interest on such Bond is subject on the date of original issuance thereof.

The Lessee shall not permit any of the proceeds of the Bonds, or any facilities financed with such proceeds, to be used in any manner that would cause any Bond to constitute a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended.

The Lessee shall pay or cause to be paid to the United States Government any and all arbitrage rebate, as more fully provided under the Tax Exemption Certificate and Agreement among the Commission, the Lessee and the Trustee, to be delivered in connection with the issuance of the Bonds.

*Section 24. Annual Report; Continuing Disclosure.* For the benefit of the beneficial owners of the Bonds, the Lessee covenants and agrees to provide an annual report containing the financial information and operating data relating to the Lessee required by this Section and to provide notices of the occurrence of certain enumerated events, if material.

The annual report shall be filed with each Nationally Recognized Municipal Securities Information Repository and with the Illinois state information depository, if any, within 210 days after the close of the Lessee's fiscal year. The information to be contained in the annual report shall consist of the annual audited financial statement of the Lessee and such additional information with respect to the Lessee as noted under the caption "Continuing Disclosure" in the

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Official Statement of the Commission in connection with the issuance of the Bonds. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units and will be prepared in accordance with standards of the Governmental Accounting Standards Board. If the audited financial statement is not available, then an unaudited financial statement shall be included in the annual report and the audited financial statement shall be filed within 30 days after it becomes available.

The Lessee also covenants and agrees, for the benefit of the beneficial owners of the Bonds, to provide timely notice to the Municipal Securities Rulemaking Board and to the Illinois state information depository, if any, of any failure of the Lessee to file any such annual report within the 210 day period and of the occurrence of any of the following events with respect to the Bonds, if material ("*Material Events*"): (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of Bondholders; (8) Bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds; and (11) rating changes. The Lessee further covenants and agrees to provide timely notice to the Commission of the occurrence of any Material Event.

It is found and determined that the Lessee has agreed to the undertakings contained in this Section in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. The chief financial officer of the Lessee will do and perform, or cause to be done or performed, for or on behalf of the Lessee, each and every thing necessary to accomplish the undertakings of the Lessee contained in this Section for so long as Rule 15c2-12(b)(5) is applicable to the Bonds and the Lessee remains an "obligated person" under the Rule with respect to the Bonds.

The undertakings contained in this Section may be amended by the Lessee and the Commission upon a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, provided that (a) the undertaking, as amended, would have complied with the requirements of Rule 15c2-12(b)(5) at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the Commission or the Trustee, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

*Section 25. Taxes and Assessments.* The Lessee shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against this Lease, any estate or interest of the Commission or the Lessee in the Leased Premises, or the rentals or other payments hereunder during the term of this Lease, and all charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or



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private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Leased Premises, all of which are herein called "Impositions". The Commission shall promptly forward to the Lessee any notice, bill or other statement received by the Commission concerning any Imposition. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

The Lessee may contest in good faith the validity, existence or applicability of any Imposition if (i) in the opinion of counsel, such contest shall suspend the execution or enforcement of such Imposition against any of the Rent or other amounts payable under this Lease or the interest of the Lessee or the Commission under this Lease and (ii) such contest shall not result in the Commission or the Trustee being in any danger of any criminal liability for failure to comply therewith. In the event that any Imposition shall be imposed upon the Commission's interest in the Leased Premises, this Lease or the rentals or other payments hereunder, and the Lessee shall pay the same, the Lessee shall be subrogated to the Commission's right, if any, to contest the validity of such Imposition.

*Section 26. Federal, State and Local Legal Requirements; Indemnification.* The Lessee agrees that it will, throughout the term of this Lease and at its sole cost and expense, promptly observe and comply in all material respects (except if any non-compliance in any respect would subject the Commission to any danger of any criminal liability for a failure to comply in all respects) with all Federal, State and local statutes, codes, laws, acts, ordinances, orders, judgments, decrees, rules, regulations and authorizations, whether foreseen or unforeseen, ordinary or extraordinary, which shall now or at any time hereafter be binding upon or applicable to the Lessee, any occupant, user or operator of the Leased Premises or any portion thereof (including without limitation those relating to zoning, land use, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) (the "Legal Requirements"). The Lessee shall not occupy, use or operate the Leased Premises or allow the Leased Premises or any part thereof to be occupied, used or operated for any unlawful purpose or in violation of any certificate of occupancy affecting the Leased Premises or which may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto. The Lessee shall indemnify and hold harmless the Commission from and against all loss, cost, liability and expense (a) in any manner arising out of or related to any violation of or failure to comply with any Legal Requirement or (b) imposed upon the Lessee or the Commission by any Legal Requirement; in case any action or proceedings is brought against the Commission in respect to any Legal Requirement, the Lessee shall upon notice from the Commission defend such action or proceeding.

The Lessee may contest in good faith the validity, existence or applicability of any of the foregoing if (i) in the opinion of counsel, such contest shall suspend the execution or enforcement of an lien against any of the Rent or other amounts payable under this Lease or the interest of the Lessee or the Commission under this Lease and (ii) such contest shall not result in the Commission being in any danger of any criminal liability for failure to comply therewith.

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*Section 27. Loss Events; Restoration of Leased Premises.* (a) In the event that at any time during the term of this Lease the whole or part of the Leased Premises shall be damaged or destroyed (a "Loss Event"):

(i) the Commission shall have no obligation to rebuild, replace, repair or restore the Facility,

(ii) there shall be no abatement, postponement or reduction in the Rent or other amounts payable by the Lessee under this Lease, and

(iii) the Lessee will promptly give written notice of any material Loss Event to the Commission, generally describing the nature and extent thereof.

(b) Upon the occurrence of a Loss Event, the Lessee shall, at its own cost and expense, promptly and diligently rebuild, replace, repair or restore the Leased Premises to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent operating efficiency and function or substitute other property for such purpose, and the Lessee shall not by reason of payment of any such costs be entitled to any reimbursement from the Commission, the Trustee or any Bondholder, nor shall the Rent or other amounts payable by the Lessee under this Lease be abated, postponed or reduced; *provided, however*, that the Lessee shall have no obligation to rebuild, replace, repair or restore any property (or to make substitutions for any such property), to the extent that the property so damaged, destroyed or condemned shall no longer be necessary for the operation of the Leased Premises.

(d) All such rebuilding, replacements, repairs, restorations or substitutions shall:

(i) automatically be deemed a part of the Leased Premises and be made subject to this Lease,

(ii) be effected in compliance with all applicable Legal Requirements.

(e) Notwithstanding the foregoing, the Lessee may, instead of restoring the Leased Premises after a Loss Event, prepay all Rent due hereunder (together with any necessary bond redemption premium) in order to retire the Bonds as they become due and to redeem the Bonds on their earliest redemption date, all as provided in the Bond Resolution.

*Section 28. Liens and Encumbrances.* Other than the lien on the Rent and the other amounts payable hereunder created by the Bond Resolution, if any lien, encumbrance or charge is filed or asserted, or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "*Liens*"), whether or not valid, is made against any of the Rent or other amounts payable under this Lease or the interest of the Lessee or the Commission under this Lease or in the Project other than Liens not yet payable, Liens being contested or Liens arising from action taken or failed to be taken by the Commission in matters unrelated to the Leased Premises, the Lessee forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such

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notice) shall give written notice thereof to the Commission and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Lease shall be construed as constituting the express or implied consent to or permission of the Commission for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against any of the rentals or other amounts payable under this Lease or the interest of the Lessee or the Commission under this Lease.

The Lessee may at its sole expense contest (after prior written notice to the Commission and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (1) in the opinion of counsel, such proceeding shall suspend the execution or enforcement of such Lien against any of the rentals or other amounts payable under this Lease or the interest of the Lessee or the Commission under this Lease and (2) the Commission would not be in any danger of any criminal liability for failure to comply therewith.

*Section 29. NO REPRESENTATIONS OR WARRANTIES.* THE COMMISSION HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE LEASED PREMISES, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE LEASED PREMISES, OR THE SUITABILITY OF THE LEASED PREMISES FOR THE PURPOSES OR NEEDS OF THE LESSEE OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF COMPLETION OF THE PROJECT. THE LESSEE ACKNOWLEDGES THAT THE COMMISSION IS NOT THE MANUFACTURER OF THE LEASED PREMISES NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN. THE COMMISSION SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE LEASED PREMISES OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

*Section 30. Quiet Enjoyment.* So long as the Lessee is not in default under this Lease, the Lessee's quiet and peaceable enjoyment of the Leased Premises shall not be disturbed or interfered with by the Commission or anyone claiming through the Commission.

*Section 31. Negative Pledge of RTA Sales Tax.* The Lessee hereby covenants not to pledge the sales taxes it receives from the Regional Transportation Authority on a priority basis with respect to its general obligation to pay rent and any other payments due under this Lease until all payments have been made hereunder, this Lease is terminated and the Bonds have been

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paid at maturity or upon redemption or have been fully defeased in accordance with Section 17.1 of the Bond Resolution. Notwithstanding the foregoing, the Lessee retains the right to pledge any other source of its revenues to the payment of any other obligation on a priority basis with respect to the payments due under this Lease.

*Section 32. Lessee Notification Regarding Official Statement.* From the date hereof until the earlier of (i) 90 days from the end of the underwriting period (as defined in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12")) or (ii) the time when the Official Statement (as defined in the Bond Resolution) is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the end of the underwriting period (as defined in Rule 15c2-12), if any event occurs that requires that the Official Statement be amended or supplemented in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Lessee will notify the Purchaser (as defined in the Bond Resolution) and the Commission in writing of such event and, if such event requires, in the opinion of the Purchaser, an amendment or supplement to the Official Statement, the Commission has agreed in the Purchase Contract (as defined in the Bond Resolution), at the expense of the Lessee, to amend or supplement the Official Statement in a form and in a manner jointly approved by the Commission, the Lessee and the Purchaser, which approval will not be unreasonably withheld, so that the statements in the Official Statement, as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading.

*Section 33. Partial Invalidity.* In the event any covenant, phrase, clause, paragraph, section, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, phrase, clause, paragraph, section, condition or provision shall in no way affect any other covenant, phrase, clause, paragraph, section, condition or provision herein contained.

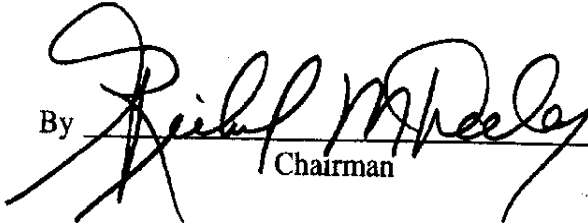
*Section 34. Definitions.* All words and phrases defined in the Bond Resolution shall have the same meaning in this Lease.

*Section 35. Counterparts.* This Lease has been executed in several counterparts, each of which may be considered as an original.

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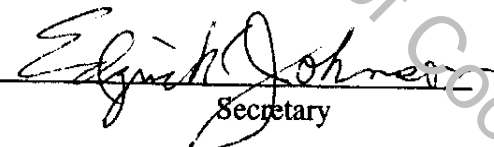
IN WITNESS WHEREOF, the Public Building Commission of Chicago, by its Chairman, and the Chicago Transit Authority, by its Chairman, have each caused their respective names to be signed to this instrument and their respective seals to be affixed and attested thereto by their duly authorized officers, as of the date first written above.

PUBLIC BUILDING COMMISSION OF CHICAGO  
Cook County, Illinois

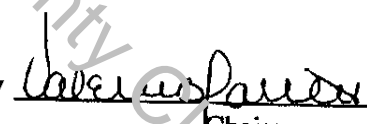
By   
Chairman

[SEAL]

Attest:

  
Secretary

CHICAGO TRANSIT AUTHORITY

By   
Chairman

[SEAL]

Attest:

  
Assistant Secretary

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## EXHIBIT A SITE DESCRIPTION

Lots 2, 3 and 6 and the North 41.3 feet of Lot 7 in Block 27 in Original Town of Chicago in Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, the North 41.3 feet of Lot 7 in Block 27 being also known as Lot 9 in the subdivision of Lots 7 and 10 in Block 27 aforesaid, in Cook County, Illinois.

PEN 17-09-323-001

17-09-323-002

Property of Cook County Clerk's Office