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MEMORANDUM OF OPTION AGREEMENT

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THIS MEMORANDUM OF OPTION AGREEMENT is made as of the 14th day of January, 1986 by and between THE JDC-TISHMAN CHICAGO HOTEL COMPANY, an Illinois partnership, having an address at 225 North Michigan Avenue, Suite 300, Chicago, Illinois 60601 ("Optionor"), and SUMITOMO LIFE REALTY (N.Y.), INC., a New York corporation, having its principal office at 200 Park Avenue, New York, New York 10166 ("Optionee").

WITNESSETH:

WHEREAS, LaSalle National Bank, a national banking association, not personally, but solely as Trustee (the "Trustee") under Trust Agreement dated September 20, 1985 and known as Trust No. 110339 (the "Trust") holds title pursuant to the Trust to certain real estate located in Chicago, Illinois more particularly described on Exhibit A hereto (the "Land"); and

WHEREAS, Optionor owns one hundred percent (100%) of the beneficial interest (the "Beneficial Interest") and power of direction ("Power of Direction") in the Trust (Optionor and the Trustee being hereinafter collectively referred to as the "Developer"); and

WHEREAS, Optionee is, pursuant to the terms of that certain Land Acquisition and Construction Loan Agreement dated as of December 9, 1985 (as the same may be amended or supplemented at any time the "Loan Agreement"), making a loan in the maximum amount of Sixty Eight Million United States Dollars (\$68,000,000) (the "Loan") to the Developer to finance part of the cost of acquiring the Land and developing, constructing and operating the hotel to be constructed thereon containing approximately 450 rooms, a garage facility, conference rooms,

MAIL TO: Boy 77

Attn: Jim C.

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lobby, two restaurants, related amenities and the connected plaza and gallery to be constructed on the Land (collectively the "Hotel"; the Land together with all buildings, structures and other improvements located or to be located thereon (including the Hotel) and all rights, privileges, easements, hereditaments and appurtenances thereunto relating or appertaining and all furniture, furnishings, fixtures and equipment required for the operation thereof are herein collectively referred to as the "Project"); and

WHEREAS, fee title to the Project will be held by Trustee pursuant to and under the terms and provisions of the Trust; and

WHEREAS, Optionor and Optionee have entered into that certain Option Agreement of even date herewith (the "Option Agreement") wherein Optionor grants to Optionee an option to purchase and acquire an undivided fifty percent (50%) interest in the Option Property (as hereinafter defined); and

WHEREAS, Optionor and Optionee desire to give notice of the transactions provided for in the Option Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Option. Optionor, in consideration of the foregoing and for the consideration described in the Option Agreement, hereby grants to Optionee the irrevocable and exclusive option (the "Option") to convert as of the dates set

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forth in Section 3 hereof \$64,000,000 of the Loan in accordance with the provisions hereinafter set forth into an undivided fifty percent (50%) interest in (i) the Beneficial Interest and Power of Direction in the Trust, and all other property from time to time held under the Trust or by the Trustee pursuant to the Trust, and (ii) all property both real and personal which now or hereafter is located on, or used in connection with the management or operation of the Project (excluding Optionor's interest in the Beneficial Interest and Power of Direction after the exercise of the Option) title to which is held by Optionor as opposed to the Trust or the Trustee pursuant to the Trust (the property referred to in clauses (i) and (ii) being hereinafter collectively referred to as the "Option Property").

2. Exercise of Option. Optionee shall be entitled to exercise the Option not earlier than one year prior to the tenth (10th) anniversary of the date of the Hotel Opening and not later than six months prior to the tenth (10th) anniversary of the date of the Hotel Opening, by giving Optionor written notice of its election to exercise the Option (the "Exercise Notice"). For purposes hereof Hotel Opening shall mean the earliest date when (x) the Project has been substantially completed in accordance with the plans and specifications therefor (as approved by Optionee, as the same may from time to time be amended with the prior written consent of Optionee), as certified by Hellmuth, Obata & Kassabaum, Architects, Inc. in association with Takayama & Associates, Architects pursuant to a certificate of substantial completion, (y) a certificate of occupancy or its equivalent has been issued for the Hotel by appropriate authorities confirming completion of construction of the Hotel sufficient to allow legal occupancy and use of the facilities, and (z) all furniture, fixtures and equipment necessary to allow full operation of the Hotel and all of its facilities have been installed in the Hotel.

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3. Closing. If Optionee exercises the Option by sending the Exercise Notice to Optionor then the transfer of the undivided fifty percent (50%) interest in the Option Property shall occur in two parts as follows:

At 10:00 a.m. on the tenth anniversary of the Hotel Opening date, a closing (the "Closing") shall occur at the offices of Optionee or its counsel at which time Optionee shall acquire from Optionor an undivided forty percent (40%) interest in the Option Property which shall vest immediately and an undivided ten percent (10%) interest in the Option Property, which ten percent interest shall automatically vest in Optionee on the fifteenth anniversary of the Hotel Opening date.

4. Purchase Price. In the event the Option is exercised by Optionee, the purchase price (the "Purchase Price") for the entire undivided fifty percent (50%) interest in the Option Property shall be the amount equal to such principal portion of the Loan outstanding as equals \$64,000,000 less the aggregate amount of any and all liens or encumbrances on the Project as of the closing date other than (x) liens or encumbrances in favor of Optionee, (y) liens or encumbrances permitted by the Mortgage, or (z) permitted exceptions; provided, however, payment of such amount shall not in any way release or cancel any indebtedness of any person with respect to (i) any other portion of the Loan, (ii) any Interest or Deferred Interest accrued or accruing, or (iii) Additional Interest or Contingent Interest accrued or accruing with respect to the period prior to the Closing.

5. Conflict. In the event of any conflict or inconsistency between the provisions of this instrument and the provisions of the Option Agreement, the applicable provisions of the Option Agreement shall govern.

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IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Option Agreement as of the day and year first set forth above.

OPTIONOR:

THE JDC-TISHMAN CHICAGO HOTEL COMPANY, an Illinois general partnership

Attest:

By: Japan Air Lines Development (U.S.A.), Inc., authorized partner

(Seal)

By:

Name: Fumio Kanto
Title: secretary

Attest:

By: Tishman Realty Corporation of Chicago, authorized partner

(Seal)

By:

Name: G. D. Lewman
Title: Vice President

OPTIONEE:

SUMITOMO LIFE REALTY (N.Y.), INC., a New York corporation

Attest:

By:

Name: Kazuo Washizu
Title: Vice President

(Seal)

The undersigned acknowledges the existence of the Option Agreement and agrees and consents to all of the transactions described therein.

LASALLE NATIONAL BANK, not personally, but solely as trustee as aforesaid

By:

Name: JOSEPH W. LANG
Title: VICE PRESIDENT

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STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, Bev Adler, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Guy B LAWRENCE, VICE PRESIDENT of TISHMAN REALTY CORPORATION OF CHICAGO, an Illinois corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such vice president, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth; and as a general partner of THE JDC-TISHMAN CHICAGO HOTEL COMPANY, an Illinois general partnership.

GIVEN under my hand and Notarial Seal, this 17th day of January, 1986.

Bev Adler

Notary Public

My Commission Expires: 1/6/90

NOTARY OF COOK COUNTY Clerk's Office

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STATE OF ILLINOIS)
) SS.
COUNTY OF Cook)

I, Ben Adler, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Fumio Kanto, Secretary of JAPAN AIR LINES DEVELOPMENT (U.S.A.), INC., a Delaware corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Secretary, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth; and as a general partner of THE JDC-TISHMAN CHICAGO HOTEL COMPANY, an Illinois general partnership.

GIVEN under my hand and Notarial Seal, this 17th day of January, 1986.

Ben Adler
Notary Public

My Commission Expires: 1/6/90

Property of Cook County Clerk's Office

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STATE OF NEW YORK)
) SS.
COUNTY OF NEW YORK)

I, Raymond W. Moore, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Kazuo Washizu, Vice President of SUMITOMO LIFE REALTY (N.Y.), INC., a New York corporation and Hideharu Soejima, Treasurer of said corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Treasurer, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth; and the said Treasurer did affix the Corporate Seal of said Corporation to said instrument as said Treasurer's own free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 14th day of January, 1986.

Raymond W. Moore
Notary Public

My Commission Expires: March 30, 1986

RAYMOND W. MOORE
Notary Public, State of New York
No. 01MO4322931
Qualified in Westchester County
Cert. Filed in New York County
Commission Expires March 30, 1986

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STATE OF IL

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) SS. 3 5 3 2 3 9 4 2
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COUNTY OF Cook

I, Ben Adlen, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT James A. Clark, as asst vice president of LA SALLE NATIONAL BANK and Joseph J. Long of said Bank, personally known to me to be the same persons whose name is subscribed to the foregoing instrument as such asst vice president and asst secretary, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said Bank, as Trustee, as aforesaid, for the uses and purposes therein set forth; and the said asst secretary, as custodian of the corporate seal of said Bank, did affix the corporate seal of the Bank to said instrument as his own free and voluntary act and as the free and voluntary act of said Bank, as Trustee, as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 17th day of January, 1926.

Ben Adlen
Notary Public

My Commission Expires: 1/1/190

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EXHIBIT A

LEGAL DESCRIPTION

Parcel 1

That part of Block 2 in Original Town of Chicago in Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, at and below the horizontal plane of +50.00 feet above Chicago City Datum bounded and described as follows:

Beginning at the point of intersection of the West line of North Dearborn Street (also being the East line of Lots 1 and 8 in said Block 2) and the North line of the Chicago River, as occupied; thence West along the North line of said Chicago River, as occupied, a distance of 187.48 feet to a point on a line 134.10 feet East (as measured at right angles) of and parallel with the East line of North Clark Street; thence North along said line (said line also being the East face of an existing concrete foundation wall and its Northerly and Southerly extension thereof) a distance of 305.09 feet; thence East at right angles to the last described line a distance of 187.37 feet to a point on the West line of said North Dearborn Street; thence South along the West line of said North Dearborn Street a distance of 311.60 feet to the point of beginning in Cook County, Illinois. Containing 57,774 square feet or 1.3263 acres.

Parcel 2

That part of Block 2 in Original Town of Chicago in Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, at and above the horizontal plane of +50.00 feet above Chicago City Datum bounded and described as follows:

Beginning at the point of intersection of the West line of North Dearborn Street (also being the East line of Lots 1 and 8 in said Block 2) and the North line of the Chicago River, as occupied; thence West along the North line of said Chicago River, as occupied, a distance of 185.48 feet to a point on a line 136.10 feet East (as measured at right angles) of and parallel with the East line of North Clark Street; thence North along said line a distance of 305.16 feet; thence East at right angles to the last described line a distance of 185.37 feet to a point on the West line of said North Dearborn Street; thence South along the West line of said North Dearborn Street a distance of 311.60 feet to the point of beginning in Cook County, Illinois. Containing 57,164 square feet or 1.3123 acres.

Parcel 3

Easements appurtenant to and for the benefit of Parcel 1 and Parcel 2 as described in the Easement and Operating Agreement dated as of January 14, 1986 among LaSalle National Bank, as Trustee under the Trust Agreement dated March 1, 1985 and known as Trust No. 109495, LaSalle National Bank as Trustee under Trust Agreement dated June 29, 1981 and known as Trust No. 104102, Oxford Properties, Inc. and Borrower and recorded immediately prior hereto.

Property Address: South of Kinzie, West of Dearborn, North of the Chicago River, Chicago, IL

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Parcel 4

Easements appurtenant to and for the benefit of Parcel 1 and Parcel 2 as described in the Parking Agreement dated as of January 14, 1986 among LaSalle National Bank, as Trustee under the Trust Agreement dated March 1, 1985 and known as Trust No. 109495, LaSalle National Bank as Trustee under Trust Agreement dated June 29, 1981 and known as Trust No. 104102, Oxford Properties, Inc. and Borrower and recorded immediately prior hereto.

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RECORDING RECEIPT
STATE OF ILLINOIS
COUNTY OF COOK

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