

RIGHT OF FIRST OFFER AGREEMENT

THIS RIGHT OF FIRST OFFER AGREEMENT (this "Agreement") is made as of this 20th day of December, 1990, by and among LASALLE NATIONAL BANK, a national banking association, not personally but as Trustee under Trust Agreement dated May 1, 1989 and known as Trust No. 114361 ("Trustee"), with a mailing address at 135 South LaSalle Street, Chicago, Illinois 60603, ZELLER-LAKE LIMITED PARTNERSHIP, an Illinois limited partnership ("Beneficiary"), with a mailing address c/o Lake-Franklin Corporation, 333 West Wacker Drive, Suite 2050, Chicago, Illinois 60606 (Trustee and Beneficiary are hereinafter together referred to as "Borrower"), and TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS, a retirement system established pursuant to the laws of the State of Illinois ("Lender"), with a mailing address c/o Bennett & Kahnweiler Realty Advisors, Inc., as agent under power-of-attorney, 9700 West Bryn Mawr Avenue, Rosemont, Illinois 60018.

WITNESSETH:

DEPT-01 RECORDING \$19.50
T#1111 TRAN 4003 12/26/90 15:31:00
47505 + A *-90-623933
COOK COUNTY RECORDER

WHEREAS, contemporaneously with the execution of this Agreement, Lender has loaned to Borrower the principal amount of \$34,800,000.00 (the "Loan") as evidenced by that certain Secured Promissory Note of even date herewith in the principal amount of \$34,800,000.00 made by Trustee to the order of Lender (the "Note"); and

WHEREAS, the Note is secured by inter alia, a First Mortgage and Security Agreement (the "Mortgage") of even date herewith executed and delivered by Trustee, as mortgagor, to Lender, as mortgagee, encumbering the real property legally described in Exhibit "A" attached hereto and made a part hereof (the "Mortgaged Property"), and by all other agreements, documents and instruments evidencing and/or securing the Loan now or hereafter executed and delivered by or on behalf of Borrower to Lender (the "Other Agreements"; the Note, the Mortgage and the Other Agreements are hereinafter referred to collectively as the "Loan Documents"); and

WHEREAS, as a condition precedent to Lender's making the Loan, Lender has required that Borrower grant to Lender a right of first offer in connection with the sale by Borrower of the Mortgaged Property and that Borrower execute and deliver this Agreement in connection therewith;

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 agree as follows:

THIS INSTRUMENT WAS PREPARED BY AND
AFTER RECORDING SHOULD BE RETURNED TO:

Ellen Kirschenbaum, Esq.
Katten Muchin & Zavis
525 West Monroe Street
Suite 1600
Chicago, Illinois 60606



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1/90 mail

280102 (RTM) N901082

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1. The preambles hereto are true and correct and are incorporated herein by this reference thereto.

2. If Borrower decides to sell the Mortgaged Property, Lender shall have a right of first offer to purchase the Mortgaged Property. In such event, Borrower shall advise Lender, in writing, of its intent to sell the Mortgaged Property (the "Notice of Intent to Sell"), which Notice of Intent to Sell shall set forth the financial terms of the sale being sought by Borrower, including the purchase price of the Mortgaged Property.

3. For a period of fifteen (15) business days after Lender's receipt of the Notice of Intent to Sell, Borrower and Lender shall in good faith negotiate with each other regarding said sale. In the event Borrower and Lender agree on terms and conditions for said sale within said time period, the parties shall execute a letter of intent to enter into a contract for sale and shall, on or before thirty (30) days thereafter, execute a contract for sale, and shall diligently proceed to close the sale transaction contemplated thereby pursuant to which the Mortgaged Property will be sold to Lender or its nominee. Prior to the expiration of the fifth (5th) "Loan Year" (as that term is defined in the Note), if Lender, in its reasonable discretion, disapproves the terms of the proposed Sale as set forth in the Notice of Intent for either its own purchase or purchase by a third party, Borrower shall not be permitted to sell the Mortgaged Property at said terms. From and after the expiration of the fifth (5th) Loan Year, if Lender elects not to purchase the Mortgaged Property in accordance with the provisions set forth in the Notice of Intent, Borrower shall be permitted to sell the Mortgaged Property but only in accordance with and to the extent permitted by the provisions of this Agreement and the Mortgage.

4. If Borrower and Lender cannot agree to such terms of the proposed sale within said fifteen (15) business day period, then, subject to the foregoing limitations in Paragraph 3 hereinabove, during the period of one hundred twenty (120) days immediately following said fifteen (15) business day period, Borrower shall be free to sell the Mortgaged Property to a third party at the same or higher sale price and with other financial terms which are the same or more favorable to Borrower than the financial terms contained in the Notice of Intent to Sell delivered by Borrower to Lender. If the sale price offered by any such third party is less than the sale price contained in the Notice of Intent to Sell or if the financial terms offered by any such third party are less favorable to Borrower than the financial terms contained in the Notice of Intent to Sell, Borrower shall give Lender a right to match said terms and purchase the Mortgaged Property pursuant to said terms, which right shall be exercised by Lender within fifteen (15) business days after Borrower's giving Lender notice thereof. In the event Lender agrees to such terms, Borrower and Lender shall execute a letter of intent to enter into a contract for sale and shall, on or before thirty (30) days thereafter, execute a contract for sale, and shall diligently proceed to close the sale transaction contemplated thereby. If Lender does not agree to such terms within said fifteen (15) business day period, Borrower shall be free to sell the Mortgaged Property to said third party.

5. If Borrower is unable to sell the Mortgaged Property to a third party within said one hundred twenty (120) day period, and Borrower still intends to sell the Mortgaged Property, Borrower shall submit to Lender a revised Notice of Intent to Sell setting forth the financial terms of the sale being sought by Borrower,

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including the purchase price of the Mortgaged Property, and the parties shall thereafter proceed in accordance with the procedures to be followed after delivery by Borrower to Lender of a Notice of Intent to Sell as described hereinabove.

6. If Borrower shall sell the Mortgaged Property to either Lender or a third party in accordance with the terms of this Agreement, Borrower shall pay Lender on the closing date of such purchase the outstanding principal balance of the Note, together with accrued and unpaid interest thereon, including, without limitation, all "Sale Interest" (as defined in the Note) due and payable under the Note, and all other "Additional Interest" (as defined therein) due and payable under the Note, all as provided under the Note, and all other monies then due and payable under the Loan Documents. If Lender or its nominee shall purchase the Mortgaged Property in accordance with the terms of this Agreement, the payment of the purchase price to be made by Lender to Borrower for the purchase of the Mortgaged Property shall be made as a credit against said payment to be made by Borrower to Lender under the Loan Documents as aforesaid.

7. All notices permitted or required in this Agreement shall be in writing and shall be deemed to have been served when personally served or mailed to the party entitled thereto. If mailed, such notice shall be mailed certified or registered mail, return receipt requested, and deposited in the United States mail addressed to such party at its address set forth below or to such other address as the parties hereto shall direct by like written notice and shall be deemed to have been made on the third (3rd) day following posting; or if sent by overnight express courier, prepaid, such notice shall be deemed to have been made on the next day following deposit with such courier. For purposes herein, notice shall be sent to Borrower and Lender as follows:

To Borrower:

LaSalle National Bank, as Trustee under
Trust Agreement dated May 1, 1989
and known as Trust No. 114361
135 South LaSalle Street
Chicago, Illinois 60603

with a copy to:

Zeller-Lake Limited Partnership
c/o Lake-Franklin Corporation
333 West Wacker Drive
Suite 2050
Chicago, Illinois 60606
Attn.: Paul M. Zeller

and with a copy to:

Keck Mahin & Cate
233 South Wacker Drive
83rd Floor
Chicago, Illinois 60606
Attn.: Howard J. Siegel, Esq.

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To Lender:

Teachers' Retirement System of
the State of Illinois
c/o Bennett & Kahnweiler Realty
Advisors, Inc.
9700 W. Bryn Mawr
Rosemont, Illinois 60018
Attn.: James S. Smith

with a copy to:

Katten Muchin & Zavis
525 West Monroe Street, Suite 1600
Chicago, Illinois 60606
Attn.: Arthur B. Muir, Esq.

8. This Agreement shall terminate on the date that all principal and interest due from Borrower to Lender pursuant to the Note, including, without limitation, all Additional Interest, and all other sums which may be due to Lender from Borrower pursuant to the Note, the Mortgage and the Other Agreements, have been received by Lender in full and all other obligations of Borrower under the Note, and the other Loan Documents have been satisfied in full.

IN WITNESS WHEREOF, this Right of First Offer Agreement has been duly executed as of the day and year first above written.

BORROWER:
LaSALLE NATIONAL TRUST, N.A., Successor Trustee to
LaSALLE NATIONAL BANK, not
personally, but as Trustee as
aforesaid

Attest:

Robert J. Callahan
Attorney at Law

By: *[Signature]*
Its: VICE PRESIDENT

BENEFICIARY:

ZELLER-LAKE LIMITED PARTNERSHIP, an
Illinois limited partnership

By: Lake-Franklin Corporation, an
Illinois corporation, its
general partner

By: *[Signature]*
Its President

LENDER:

TEACHERS' RETIREMENT SYSTEM OF THE
STATE OF ILLINOIS

By: Bennett & Kahnweiler Realty,
Inc., as agent under power-
of-attorney

By: *[Signature]*
Its President

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STATE OF ILLINOIS)

COUNTY OF COOK)

SS:

I, Beverly A. Harvey, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Paul M. Zeller, personally known to me to be President of Lake-Franklin Corporation, an Illinois corporation, the general partner of Zeller-Lake Limited Partnership, an Illinois general partnership and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me and acknowledged that as such President he signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority and as his free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of December, 1990.

Beverly A. Harvey
Notary Public

My Commission Expires:

[SEAL]

"OFFICIAL SEAL"
BEVERLY A. HARVEY
Notary Public, State of Illinois
My Commission Expires Aug. 16, 1992

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STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Kathleen Unterfenger, a notary public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT James S. Smith, personally known to me to be President of Bennett & Kahnweiler Realty Advisors, Inc., an Illinois corporation, as agent under power-of-attorney for Teachers' Retirement System of the State of Illinois, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me and acknowledged that as such President, he signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority and as his free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

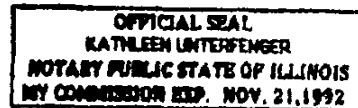
GIVEN under my hand and notarial seal this 21 day of December, 1990

Kathleen Unterfenger
Notary Public

My Commission Expires:

[SEAL]

11/21/92



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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Notary Public for the State of Illinois, Secretary Trustee to

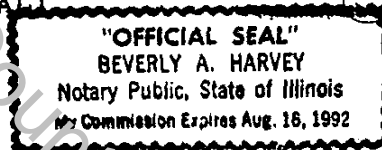
I, BEVERLY A. HARVEY, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JOSEPH W. LANG, VICE PRESIDENT of LaSalle National Bank, as Trustee, and _____ of said Bank who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such VICE PRESIDENTS and _____ respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Bank, for the uses and purposes therein set forth; and the said _____ then and there acknowledged that she as custodian of the corporate seal of said Bank, did affix her own free and voluntary act and the free and voluntary act of said Bank, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 21st day of December, 1990.

Beverly A. Harvey
Notary Public

My Commission Expires:

[SEAL]



CLERK OF COOK COUNTY Clerk's Office

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TABLE 1

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EXHIBIT A

Legal Description

LOTS 1, 2 AND THE EAST 1/4 OF LOT 3 IN BLOCK 31 IN THE ORIGINAL TOWN OF CHICAGO IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

COMMON ADDRESS OF PROPERTY: FRANKLIN & LAKE ST.
Chicago Ill

PROPERTY TAX IDENTIFICATION NUMBERS: 17-09-428-002
17-09-428-003
17-09-428-004
17-09-428-005
17-09-428-006
17-09-428-007
17-09-428-008
17-09-428-009
17-09-428-010

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