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Respectfully submitted

(signed)

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

March 5,2014

TO TI IE HONORABLE, THE CITY COUNCIL OF THE CITY
OF CHICAGO !

Ladies and Gentlemen:

At the request of the Chief Financial Officer and the Commissioner of Aviation, I transmit herewith an ordinance authorizing inducement language for O'Hare Special Facility Revenue Bonds.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

A Substitute Ordinance Declaring Intent to Issue City of Chicago Chicago O'Hare International Airport Special Facility Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$200,000,000 for the Benefit of Transportation Infrastructure Properties, LLC and/or Aero O'Hare, LLC or Affiliates Thereof, and Authorizing the Ground Lease for the Willow Creek Facility to be Divided into Two Separate but Substantially Identical Ground Leases so that a New DHL Facility May be Financed Separately from the Existing Facilities.

Whereas, the City of Chicago (the "City"), is a duly constituted and existing municipality within the meaning of Section 1 of Article VII of the 1970 Constitution of the State of Illinois (the "Constitution") having a population in excess of 25,000 and is a home rule unit of local government under Section 6(a) of Article VII of the Constitution; and

Whereas, the City owns and operates an airport known as Chicago O'Hare International Airport (the "Airport"); and

Whereas, the City leases certain property at the Airport to affiliates of Transportation Infrastructure Properties, LLC, a Delaware limited liability company, including Aero O'Hare, LLC, a Delaware limited liability company, and Aero Chicago, LLC (collectively, and together with one or more affiliates of either or both such entities, the "Borrower") pursuant to (i) (for the NE Cargo facility referenced below) the Aero Chicago LLC Cargo Facility Phase I Lease, dated August 8, 2012 between City of Chicago and Aero Chicago, LLC, Aero Chicago, LLC Phase I Cargo Facility, Chicago O'Hare International Airport and (ii) (for the DHL Global Forwarding Center referenced below) the Lease At Chicago O'Hare International Airport between City of Chicago and O'Hare Tech Center II, LLC, dat[^]d Februarys, 2002 (Location: Willow Creek Parcel (bounded on the north by Touhy Avenue and to the east by Lee Street) O'Hare International Airport, Chicago, Illinois, as amended June 14, 2002 and subsequently assigned to a Borrower affiliate (the "Willow Creek Ground Lease"), which facilities are to be managed by Aeroterm, US, Inc.; and

Whereas, the Borrower has requested that the City issue its special facility airport revenue bonds, notes or other indebtedness in an amount not to exceed Two Hundred Million Dollars (\$200,000,000) (the "Bonds") in one or more series (and which series may be for the benefit of separate Borrower affiliates) for the purpose of financing costs of acquisition, construction and equipping of (i) the NE Cargo/O'Hare International Airport Cargo Center, Phase 1 (the "NE Project"), consisting of multiple aircraft positions, a warehouse building with office space and related roadway and other improvements, expected to cost up to \$128 million (and to be financed with Bonds in an aggregate principal amount not to exceed \$130,000,000), and (ii) the DHL Global Forwarding Center, consisting of a warehouse building with related office space, truck dock positions and related roadway and other improvements, expected to cost up to \$52 million (and to be financed with Bonds in an aggregate principal amount not to

exceed, \$70,000,000), each located at the Airport (the "DHL Project" and, collectively with the NE Project, the "Projects"); and

Whereas, it is intended that the interest on the Bonds will be excluded from gross income for federal income tax purposes; and

Whereas, it is intended that this ordinance shall constitute a declaration of intent to reimburse certain eligible expenditures for the Projects made prior to the issuance of the Bonds from the proceeds of the Bonds (if and when issued) within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations"); and

Whereas, the Borrower for the DHL Project desires to be able to finance the construction of the DHL Project separately from the financing structure in place for the other facilities located on the land covered by the Willow Creek Ground Lease and the City desires to accommodate the Borrower by permitting the Willow Creek Ground Lease to be divided into two ground leases, the terms of which two ground leases will be substantially similar to each other and to the existing Willow Creek Ground Lease, except as necessary and appropriate to have one such ground lease cover the land for the DHL Project (the "DHL Site") and cover the remaining land covered by the existing Willow Creek Ground Lease; and

Whereas, the Borrower wishes to lease the DHL Global Forwarding Center to Air Express International USA, Inc., an Ohio corporation d/b/a DHL Global Forwarding (the "Tenant") under a net lease of the DHL Site;

Now, Therefore,

Be It Ordained by the City Council of the City of Chicago:

Section 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

Section 2. The City intends to issue the Bonds and lend the proceeds thereof to the Borrower for the purpose of financing costs of the Projects. The maximum aggregate principal amount of Bonds which the City intends to issue for the Projects will not exceed Two Hundred Million Dollars (\$200,000,000), of which up to \$130,000,000 aggregate principal amount will be issued with respect to the NE Project and up to \$70,000,000 aggregate principal amount will be issued with respect to the DHL Project.

Section 3. Certain costs may be incurred by the Borrower in connection with the Projects prior to the issuance of the Bonds. The City reasonably expects to reimburse such costs with proceeds of the Bonds.

Section 4. The costs to be reimbursed will be paid from funds of the Borrower which have been allocated to other purposes.

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Section 5. This ordinance is consistent with the budgetary and financial circumstances of the City. No funds from sources other than the Bonds are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City for costs of the Projects to be paid from the proceeds of the Bonds.

Section 6. This ordinance constitutes a declaration of official intent under Section 1.150-2 of the Treasury Regulations.

Section 7. The division of the Willow Creek Ground Lease into two ground leases, as described in the Recitals clauses of this Ordinance, is hereby authorized and the Mayor of the City and/or the Commissioner of

the Chicago Department of Aviation (collectively, the "Authorized Officers") are hereby authorized to execute and deliver one or more new ground leases for and on behalf of the City and such other documentation as shall be reasonably necessary and appropriate to effectuate such division.

Section 8. The lease by the Borrower of the DHL Global Forwarding Center to Tenant is hereby found and declared to constitute a valid public purpose within the meaning of the Constitution and is hereby authorized and approved. No further approval or action of the City Council shall be necessary or required for the actions, executions and deliveries contemplated in and directed in this Section 8 to be effective, and any such actions, executions and deliveries will constitute the legal and validly binding actions of the City.

Section 9. This ordinance is adopted pursuant to the powers of the City as a home rule unit under Article VII, Section 6(a) of the Constitution. The Authorized Officers, for and on behalf of the City, shall be, and hereby are, authorized and directed to do any and all things necessary to effect the performance of all obligations of the City under and pursuant to this ordinance and the performance of all other acts of whatever nature necessary to effect and carry out the authority conferred by this ordinance. The Authorized Officers and other officers, agents and employees of the City are hereby further authorized and empowered for and on behalf of the City, to execute and deliver all papers, documents, certificates and other instruments that may be required to carry out the authority conferred by this ordinance.

Section 10. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

Section 11. This ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor of the City.