



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

File #: 15-0550, **Version:** 1

TRANSMITTAL LETTER FOR BOARD MEETING OF MAY 21, 2015

COMMITTEE ON REAL ESTATE

Mr. David St. Pierre, Executive Director

Consent to sub-sublease between Matt Rogatz and Orkin, LLC on an approximately 4,550 sq. ft. portion of the leasehold at 3350 S. Kedzie Avenue, Chicago, Illinois; Main Channel Parcel 41.03. Consideration shall be an initial annual fee of \$620.50 plus a \$2,500 document preparation fee

Dear Sir:

On August 2, 1951, the District entered into a lease agreement with WHFC, Inc. on 5.7 acres of District real estate located at 3350 S. Kedzie Avenue in Chicago, Illinois and known as Main Channel Parcel 41.03 ("Lease"). The Lease commenced on July 15, 1951, and expires July 14, 2050. The tenants operate two radio stations. The Lease was assigned from time to time, with the last assignment on November 1, 1979, from Globe Broadcasting Company to LaSalle National Bank, as Trustee under Trust Agreement dated October 11, 1979, and known as Trust No. 101868. The beneficiaries of the trust are Midway Broadcasting Company ("Midway") and Migala Communications Corporation ("Migala"). Midway operates radio station WRLL and Migala operates radio station WCEV. The leasehold is improved with an office building, parking lot and a radio transmission tower. The current annual rent is \$22,214.40.

On December 28, 2005, the District consented to a sublease from Midway to Matt Rogatz ("Rogatz"). Under the sublease agreement, Rogatz rents 7,000 sq. ft. of the office building to operate an industrial real estate business. Rogatz pays 8% of the total rent and real estate taxes due under the Lease. Rogatz currently pays the District an annual rent of \$1,777.16.

Rogatz has requested to sub-sublease 4,550 sq. ft. of his sublease area in the office building to Orkin, LLC ("Orkin") for a ten (10) year term. Orkin proposes to use the building for office space for its pest control business and the storage of pesticides. Such use is in conformity with the permitted uses under the lease. The proposed rent under the sub-sublease is \$3,018.17 for the first year with 3% increases each year thereafter. Pursuant to District policy on subleases, the District is entitled to 50% of the increment or value received by the tenant from any sublease in excess of what the tenant is paying with respect to its rent for the sublease area. In the first year of the sub-sublease, Orkin will pay Rogatz \$3,018.75. Therefore, Rogatz will owe the District additional rent of \$620.50 or 50% of the difference between \$3,018.17 and \$1,777.16 (\$1,242.01). Because the initial annual rent of \$620.50 is less than the District's minimum standard fee of \$2,500.00, the District's standard document preparation fee of \$2,500.00 is also being assessed. The District's consent will also be conditioned upon Orkin obtaining the District's standard environmental insurance on the premises.

Rogatz will still use the remaining 2,450 sq. ft. of the office building for his real estate business. Both Midway and Migala, have consented to the proposed sub-sublease to Orkin and neither Midway nor Migala will receive any rent from Orkin.

The District's technical departments including the Engineer of Site Remediation have reviewed the matter and

has no objections to consenting to Rogatz's proposed sub-sublease with Orkin.

It is recommended that the Executive Director recommend to the Board of Commissioners that it consent to the sub-sublease between Matt Rogatz and Orkin, LLC on an approximately 4,550 sq. ft. portion of the leasehold at 3350 S. Kedzie Avenue, in Chicago, Illinois; Main Channel Parcel 41.03. Consideration shall be an initial annual fee of \$620.50 plus a \$2,500.00 document preparation fee.

It is also requested that the Executive Director recommend to the Board of Commissioners that it authorize and direct the Chairman of the Committee on Finance and the Clerk to execute the consent to the sublease agreement after it is approved by the General Counsel as to form and legality.

Requested, Ronald M. Hill, General Counsel, RMH:STM:MLD:vp

Recommended, David St. Pierre, Executive Director

Respectfully Submitted, Mariyana T. Spyropoulos Chairman, Committee on Real Estate Development

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for May 21, 2015

Attachment