



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Consent to an assignment of lease from Olympic Petroleum Corporation to Old World Manufacturing I, LLC, guaranteed by Old World Industries Holdings, LLC, of 8.67 acres of District real estate located at 5000 West 41st Street in Cicero, Illinois; Main Channel Parcel 39.10. Consideration shall be a document preparation fee of \$5,000.00

Sponsors:

Indexes:

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Attachments: 1. RE - Assign Lease to Old World from Olympic - Aerial.pdf

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------|----------|--------|
| 6/3/2021 | 1 | Board of Commissioners | Approved | Pass |

TRANSMITTAL LETTER FOR BOARD MEETING OF JUNE 3, 2021

COMMITTEE ON REAL ESTATE

Brian A. Perkovich, Executive Director

Consent to an assignment of lease from Olympic Petroleum Corporation to Old World Manufacturing I, LLC, guaranteed by Old World Industries Holdings, LLC, of 8.67 acres of District real estate located at 5000 West 41st Street in Cicero, Illinois; Main Channel Parcel 39.10. Consideration shall be a document preparation fee of \$5,000.00

Dear Sir:

Olympic Petroleum Corporation ("Olympic") leases 8.67 acres of District real estate located at 5000 West 41st Street in Cicero, Illinois, and known as Main Channel Parcel 39.10, to operate a bulk storage facility primarily storing antifreeze. The lease commenced December 1, 2004 and expires November 30, 2043. Olympic's current annual rent is \$219,105.72. In addition to the standard security deposit equal to two-months' rent, the lease requires an additional \$1 million security deposit payable over annual installments, with the last installment being due October 1, 2024. The lease allows Olympic to assign the lease subject to the District's written consent.

On August 11, 2020, the District filed a lawsuit in the Circuit Court of Cook County against Olympic for default of the lease and seeking to evict Olympic from the site. In the lawsuit, the District alleges that Olympic failed to pay rent, real estate taxes, and two installments of the additional security deposit. The case is still pending. As part of a proposed settlement of the litigation, Olympic would assign the lease to Old World Manufacturing I, LLC ("OWM"). Upon assignment of the lease, OWM will cure all current lease defaults and will operate within the uses permitted under Olympic's lease.

Old World Industries Holdings, LLC ("OWIH") recently created OWM for the purpose of this lease assignment. Therefore, OWIH has agreed to the District's request that OWIH, OWM's parent company, guarantee OWM's

performance of its obligations under the lease. OWIH reports nearly \$1 billion in annual revenue and is part of the Old World Industries network of companies. The Old World Industries companies have been in the automotive lubricant business for over 40 years, have over 350 employees worldwide, and will be overseeing and supporting the operations on the leasehold.

The District's Finance Department has reviewed OWM and OWIH's financial and company background and reports that these entities demonstrate the financial resources to meet payment of annual rent and the additional security deposit under the lease.

It is requested that the Executive Director recommend to the Board of Commissioners that it consent to an assignment of lease from Olympic Petroleum Corporation to Old World Manufacturing I, LLC, guaranteed by Old World Industries Holdings, LLC, of 8.67 acres of District real estate located at 5000 West 41st Street in Cicero, Illinois; Main Channel Parcel 39.10. Consideration shall be a document preparation fee of \$5,000.00.

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 Assignment of Lease Agreement after it is approved by the General Counsel as to form and legality and authorize the General Counsel to execute any other documents necessary to effectuate the settlement in the pending litigation.

Requested, Susan T. Morakalis, General Counsel, STM:MTC:CMM:vp

Recommended, Brian A. Perkovich, Executive Director

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for June 3, 2021

Attachment