

AMEND BOARD REPORT 01-0124-OP7
**APPROVE ENTERING INTO A LEASE AGREEMENT WITH THE OPTION TO PURCHASE, WITH CHRIST
UNIVERSAL TEMPLE FOR RENTAL OF THE JOHNNIE COLEMON ACADEMY**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with the option to purchase, with Christ Universal Temple for the Johnnie Colemon Academy located at 1441 W. 119th St. Chicago, Illinois. The Board shall take possession of the premises as of February 1, 2001. A written lease agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this lease agreement is stated below.

This amendment is necessary to extend the Term of the Lease and the Board's option to purchase to July 31, 2003. A written amendment to the Lease is available for signature. The authority granted herein shall automatically rescind in the event a written amendment to the Lease is not executed within 90 days of the date of this amended Board Report.

LANDLORD: Christ Universal Temple, Inc.
11901 S. Ashland, Avenue
Chicago, IL 60643

TENANT: Board of Education of the City of Chicago

PREMISES: Johnnie Colemon Academy located at 1441 W. 119th St., Chicago, Illinois, including the building (36,100 square feet), the surrounding land (185,000 square feet), and all contents and equipment.

USE: To be used as a stand alone school facility.

TERM: The term of this lease agreement shall commence on February 1, 2001 and shall end July 31, 2002 July 31, 2003, with the Board having the option to purchase the premises as of July 31, 2002 on or before July 31, 2003, subject to Landlord's consent. Upon purchase of the Premises, the Lease term shall automatically terminate.

RENT: The Base Rent for the Term of the Lease shall be \$888,000.00 annually, payable in monthly installments of \$74,000.00. All Base Rent shall be applied as a credit to the purchase price at the time of closing. In the event Landlord does not consent to the purchase, Landlord shall refund the Board the sum of \$432,000.00. All utilities shall be separately metered and the Board shall pay such cost directly. The Board shall be responsible for all maintenance cost.

IMPROVEMENTS TO PREMISES: The Board shall have the right to make any alterations/improvements to the Premises required by law or ordinance.

INSURANCE/INDEMNIFICATION: The Board shall provide general liability insurance, workers' compensation insurance at statutory limits, employer's liability insurance and contents insurance. Landlord shall maintain property damage insurance for the full replacement cost of the building.

PURCHASE PRICE: The purchase price for the Premises shall be \$7,000,000.00 less all sums paid as Base Rent during the Lease term, and upon exercising of the option, and Landlord's consent, the purchase contract attached to the Lease shall be effectuated. The Purchase Price is based upon the Board's appraisal performed by Real Estate Analysis Corporation in the amount of \$6,300,000 to \$6,700,000 for land and building, plus \$500,000 for interior furnishings.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written lease agreement and the attached purchase contract. Authorize the President and Secretary to execute the lease agreement and the attached purchase contract. Authorize the General Counsel to execute all ancillary documents required to administer or effectuate this lease agreement. Authorize the General Counsel to exercise the option to purchase, thereby effectuating the purchase contract upon Landlord's consent.

AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: Local School Council approval is not applicable to this report.

PERSONEL IMPLICATIONS: The Board shall hire all teachers and staff currently at the Johnnie Coleman Academy provided such teachers and staff meet all Board hiring guidelines and policies.

FINANCIAL: Charge to Operations: \$1,332,000.00 Fiscal Years: FY01/02/03
Budget Classification: 0944-210-000-6000-5480
Source of Funds: General Education Fund #210

Charge to Operations: \$7,000,000.00 (less base rent)
Budget Classification: 0905-478-000-9311-5710
Source of Funds: Capital Improvement Fund #478

Charge to Operation: \$ 888,000 Fiscal Year: FY03
Budget Classification: 6170-552-000-6000-5480
Source of Funds: PBC O&M Funds

GENERAL CONDITIONS:

Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

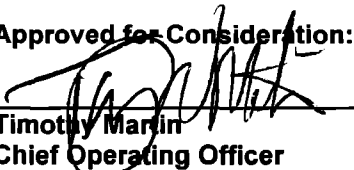
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness - The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

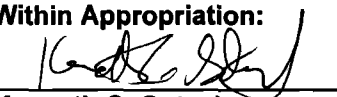
Approved for Consideration:


Timothy Martin
Chief Operating Officer

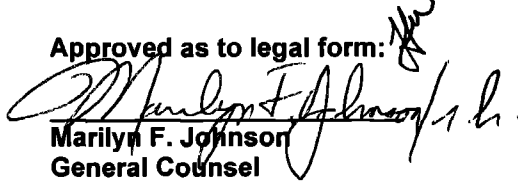
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel