

**RATIFY A LEASE AGREEMENT WITH SAMMY HAMMAD, AS AGENT FOR THE BENEFICIARIES OF FIRSTSTAR BANK N.A., F/K/A FIRST COLONIAL TRUST COMPANY, AS TRUSTEE U/T/A KNOWN AS TRUST #1-5301 DATED JANUARY 5, 1995 FOR USE OF 4652 SOUTH BISHOP**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Ratify a lease agreement with Sammy Hammad, as Agent for the Beneficiaries of Firststar Bank N.A., f/k/a First Colonial Trust Company, as Trustee u/t/a known as Trust # 1-5301 dated January 5, 1995 ("Landlord"). 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 90 days of the date of this Board Report. Information pertinent to this lease agreement is stated below.

**LANDLORD:** Sammy Hammad, as Agent for the beneficiaries of Firststar Bank N.A.  
 F/K/A/ First Colonial Trust Company as Trustee U/T/A Known as  
 Trust #1-5301 dated January 5, 1995 (Beneficiary- Sawson M. Hammad)  
 2 Shelburne Drive  
 Oak Brook, IL 60523  
 Contact Person: Sammy Hammad  
 773-342-6070

**TENANT:** Board of Education of the City of Chicago

**PREMISES:** The Building and Grounds at 4652 South Bishop, Chicago, Illinois.

**USE:** To house the Hamline Elementary School Pre-kindergarten program.

**TERM:** The term of the lease agreement shall commence as of April 1, 2002 and shall end March 31, 2012. This lease agreement shall have 2 options to renew for periods of 5 years each at the then market rental rate.

**RENT:** The rent payments shall commence on the last to occur of April 1, 2002 or the issuance of a Building Permit and shall consist of Monthly Base Rent, Monthly Reimbursement for Tenant Improvements; and taxes, as follows:

<u>Lease Year</u>	<u>Monthly Base Rent</u>
* to 3/31/03	\$7,900.00
4/1/03 to 3/31/04	\$7,900.00
4/1/04 to 3/31/05	\$7,900.00
4/1/05 to 3/31/06	\$7,900.00
4/1/06 to 3/31/07	\$7,900.00
4/1/07 to 3/31/08	\$8,097.50
4/1/08 to 3/31/09	\$8,299.93
4/1/09 to 3/31/10	\$8,507.42
4/1/10 to 3/31/11	\$8,720.10
4/1/11 to 3/31/12	\$8,938.10

\*the last to occur of April 1, 2002 or the issuance of a Building Permit

**MONTHLY REIMBURSEMENT FOR TENANT IMPROVEMENTS** – Shall be \$13,243.00 and shall be payable on the first day of the month after the last to occur of April 1, 2002 or the issuance of a building permit and shall continue to be paid on the first day of each month thereafter for fifty nine (59) consecutive months.

**REAL ESTATE TAXES:** If any real estate taxes are levied or assessed against the Building or the land during the Term of the Lease, the Board must pay the real estate taxes as Additional Rent.

**CONSTRUCTION:** Landlord is required to spend no less than \$685,000 to renovate the Building pursuant to Construction Documents approved by the Board. This sum is repaid by the Board, as reflected in the Monthly Reimbursement for Tenant Improvements, over 5 years, amortized at 6% per annum. In addition, the Board is required to reimburse the Landlord for its architectural fees (not to exceed \$40,000), which shall be paid as follows: 1/3 upon the commencement of construction; 1/3 upon Substantial Completion; and 1/3 upon completion of all Punch List items.

**REPAYMENT TO BOARD:** If the Lease is terminated during the first 5 years of the Term due to Landlord's default, the Board is entitled to a 50% return of the amount paid to the Landlord for the Tenant Improvements.

**TENANT'S MAINTENANCE AND REPAIR OBLIGATIONS:** The Board shall provide the following:

- (A) heat and electricity necessary for the use and occupancy of the Building for the purposes for which the Lease is made;
- (B) routine maintenance of the Building including painting walls and ceilings;
- (C) prompt removal of snow and ice from the sidewalks, steps, walkways, driveways and entrance ways serving the Building
- (D) washing of inside and outside windows on a reasonable basis;
- (E) maintenance of roofing material and equipment, such as air conditioning units and air mechanical equipment placed on the roof for the use of the Board; and
- (F) any other items of maintenance, repair and replacements that are required for the Building that are not the responsibility of the Landlord except that, during the last three (3) years of the Term, all of the costs and expenses associated with any replacement in excess of \$25,000.00 shall be borne exclusively by the Landlord.

**LANDLORD'S MAINTENANCE AND REPAIR OBLIGATIONS:** The Landlord shall maintain, repair and replace the structural parts of the Building, which structural parts shall be deemed to include, but not limited to, walls concrete floors, roof structure, mason work, downspouts, beams, girders, columns, and foundation and structural plumbing.

**IMPROVEMENTS TO PREMISES:** The Board shall have the right to make additions, alterations or improvements that do not exceed the sum of \$10,000 without obtaining the prior written consent of the Landlord.

**INSURANCE/INDEMNIFICATION:** The Board shall maintain coverage under its self-insurance policy.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written lease agreement. Authorize the President and Secretary to execute the lease agreement. Authorize the General Counsel to execute all ancillary documents required to administer or effectuate this lease agreement.

**AFFIRMATIVE ACTION:** Exempt.

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

**FINANCIAL:** Charge to Hamline School: \$253,716  
Budget: Classification: 3740-552-000-6000-5480

Fiscal Year: FY03

**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).

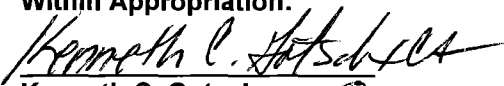
Approved for Consideration:

  
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Timothy Martin  
Chief Operating Officer

Approved:

  
\_\_\_\_\_  
Arne Duncan  
Chief Executive Officer *by AD*

Within Appropriation:

  
\_\_\_\_\_  
Kenneth C. Gotsch  
Chief Fiscal Officer

Approved as to legal form: *How*

  
\_\_\_\_\_  
Marilyn F. Johnson  
General Counsel