

AMEND BOARD REPORT 03-0225-OP11
AMEND BOARD REPORT 01-0926-OP01
RATIFY A LEASE AGREEMENT WITH A & B TOBACCO, INC.
FOR RENTAL OF SPACE AT 125 SOUTH CLARK STREET

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Ratify a lease agreement with A&B Tobacco, Inc. for rental of space at 125 South Clark Street, 1st floor, Suite A-1 (lobby arcade). 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 amended Board Report. Information pertinent to this lease agreement is stated below.

This amended Board Report is necessary to (i) relocate the premises being leased by Tenant from space A1 to A9 (ii) increase the term of the lease; (iii) adjust the rent; (iv) provide Tenant with an option to renew; and (v) authorize payment of a Broker's Commission regarding this relocation. A written amendment to the Lease 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.

This Second Amended Board Report is necessary to reflect changes in the construction start, rent commencement dates, and the Option language.

TENANT: A&B Tobacco, Inc.
ADDRESS: 125 South Clark St. Arcade A-9
 Contact Person: Ashok Shah
 Phone: 312-726 4064

LANDLORD: Board of Education of the City of Chicago

ORIGINAL PREMISES: 125 South Clark Street, 1st Floor, Suite A-1 (lobby arcade), consisting of approximately 500 rentable square feet.

RELOCATED PREMISES: Upon substantial completion of Suite A-9, Tenant shall vacate space A-1 and relocate its business to space A-9, consisting of 668 Rentable Square Feet.

USE: To operate a small retail sales stand in Arcade Space A-9 selling various sundry goods including newspapers, magazines and snacks. Subject to prior exclusives of existing tenants.

TERM: The term of this lease agreement shall commence on May 1, 2001 and shall end March 31, 2013.

RENT: From May 1, 2001 to ~~March 31, 2003~~ January 31, 2004 the annual rent shall be \$20,000.00, (\$40.00 per square foot) payable in monthly installments of \$1,666.67. The ~~annual~~ rent from ~~April 1, 2003~~ February 1, 2004 to March 31, 2005 shall be ~~\$17,201.00 per annum~~ (\$25.75/R.S.F.) which shall be reduced to ~~\$4,889.76~~ \$7.32 R.S.F., in order to reimburse the tenant for the improvements. Starting April 1, 2005 the annual rent shall be \$17,715.36 (\$26.52 R.S.F.). Thereafter, the rent shall increase by 3% on each April 1st until the end of the lease term. Any rents accrued but not yet paid shall be brought current prior to the execution of this agreement.

OPTION TO RENEW: Upon giving not less than six (6) months notice to Landlord, ~~and upon mutual consent of the Parties,~~ tenant shall have one (1) option to renew for a period of ten (10) years at the current market rents at the time of renewal.

IMPROVEMENTS: Landlord will deliver the relocated premises in it's "as-is" condition. ~~Within two (2) months of the execution of the Lease~~ By January 1, 2004 Tenant shall commence construction, the Tenant shall improve the premises in accordance with the terms and conditions of the Board's standard improvement guidelines, which guidelines will be made a part of the Lease.

BROKER'S COMMISSIONS: Authorize payment of a Broker's Commission to U.S. Equities in the amount of \$4,181.68, upon full execution of the lease agreement for relocation services.

ADDITIONAL RENT: None. This is a Gross Rent Lease.

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: Credit Income to General Fund
Charge Budget Classification: - 0944-552-000-6000-5480- \$4,181.68

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.

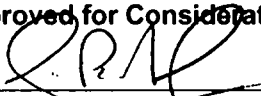
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

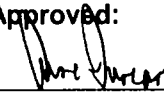
Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Sean P. Murphy
Chief Operating Officer

Approved:



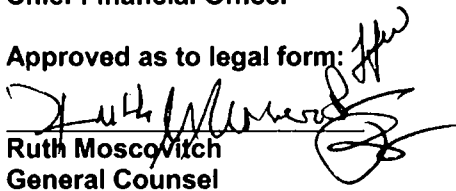
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form:



Ruth Moscovitch
General Counsel