

**APPROVE ENTERING INTO A LEASE AGREEMENT WITH THE AUSTIN 1900 BUILDING L.P., OWNER OF THE BENEFICIAL INTEREST IN THE LASALLE BANK, SUCCESSOR TO AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, TRUST NUMBER 117863-08 FOR USE OF SPACE AT 1900 N. AUSTIN**

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

Approve entering into a lease agreement with The Austin 1900 Building L.P., owner of the beneficial interest in the LaSalle Bank, successor to American National Bank and Trust Company of Chicago, Trust Number 117863-08 ("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:** The Austin 1900 Building L.P., owner of the beneficial interest in the LaSalle Bank, successor to American National Bank of Chicago, Trust Number 117863-08  
1900 N. Austin, 4<sup>th</sup> Floor  
Chicago, IL 60639  
Contact Person: Peter Arenson  
Phone: 773-385-5700

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

**PREMISES:** 1900 N. Austin, Office Tower, 3<sup>rd</sup> Floor (32,000 sq ft) and Central and Southwestern Sections of the 4<sup>th</sup> Floor (16,000 sq ft), Chicago, Illinois plus associated parking.

**USE:** To house the Region 2 Cluster AIO Office.

**TERM:** The term of this lease agreement shall commence as of July 1, 2004 and shall end June 30, 2014.

**OPTIONS TO RENEW:** This lease agreement shall automatically renew for two (2) periods of 10 years each at a rental rate that is 3.5% higher than the prior year's rental rate with 3.5% yearly increases over the life of the lease term. These options to renew shall be automatically exercised unless the Board gives written notice to Landlord of its intent not to renew at least one (1) year prior to the automatic renewal period.

**BASE RENT:** The base rent payments shall commence on July 1, 2004 as follows:

<u>Lease Year</u>	<u>Monthly Base Rent</u>
7/1/04 to 6/30/05	\$42,000
7/1/05 to 6/30/06	\$43,470
7/1/06 to 6/30/07	\$44,991
7/1/07 to 6/30/08	\$46,566
7/1/08 to 6/30/09	\$48,196
7/1/09 to 6/30/10	\$49,833
7/1/10 to 6/30/11	\$51,629
7/1/11 to 6/30/12	\$53,436
7/1/12 to 6/30/13	\$55,306
7/1/13 to 6/30/14	\$57,242

**ADDITIONAL RENT:** The Board shall pay as Additional Rent, on a monthly basis, one-twelfth (1/12<sup>th</sup>) of the amount of any excess above the Base Year of Tenant's Proportionate Share of Operating Expenses and Real Estate Taxes for the Building Complex. If the estimated expenses for any year are less than the actual expenses, the Board shall pay the difference within 30 days of demand by Landlord.

**KEY DEPOSIT:** The Board shall pay Landlord a \$100.00 Key Deposit for each mailbox key, security card, parking sign, and access key provided.

**CONSTRUCTION:** Landlord shall renovate the Premises pursuant to Construction Documents approved by the Board. The sum of \$937,500 shall be repaid by the Board: \$468,750 (50%) upon execution of the lease, \$281,250 (30%) upon 50% completion of construction, and \$187,500 (30%) upon final completion of construction.

**RELOCATION OPTION:** Landlord may, at any time during the lease, upon 30 days prior written notice, relocate the Premises to another area within the 1900 N. Austin property. All costs of relocation shall be at Landlord's sole cost and expense and the space designated for relocation shall be made ready prior to relocation so as to avoid any business interruption to the Board.

**MAINTENANCE:** The Board shall be responsible for the utilities, normal maintenance and janitorial services for the Premises.

**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, foundation and structural plumbing.

**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: City Wide Rent                      \$ 1,830,400                      FY-05

Budget: Classification: 0944-552-000-6000-5480

**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.

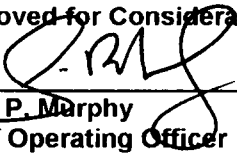
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

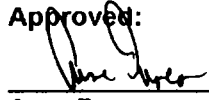
Ethics - The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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

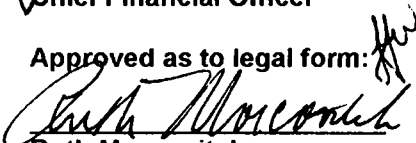
Approved:

  
Arne Duncan  
Chief Executive Officer

Within Appropriation:

  
John Maiorca  
Chief Financial Officer

Approved as to legal form:

  
Ruth Moscovitch  
General Counsel