

**RATIFY A LEASE RENEWAL AGREEMENT WITH KEDZIE-BYRON STORES, SOLE BENEFICIARY,
FOR USE OF SPACE AT 3850 NORTH KEDZIE**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Ratify a lease renewal agreement with Kedzie-Byron Stores, sole beneficiary, for space located at 3850 N. Kedzie. A written lease renewal agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

LANDLORD: Kedzie-Byron Stores, sole beneficiary of LaSalle National Bank N.A., as Trustee U/T/A dated July 9, 1995 A/K/A Trust Number 49039
c/o Carl H. Beil
5435 N. Artesian Ave.
Chicago, IL 60625
Contact: Carl H. Beil
Phone: 773-509-0995

TENANT: Board of Education of the City of Chicago

PREMISES: 3850 North Kedzie, Chicago, Illinois.

USE: To house a State Pre-kindergarten Program for Cleveland Elementary School.

ORIGINAL LEASE: The original lease agreement is for a term commencing July 1, 1998 and ending June 30, 2001 (authorized by Board Report 98-0622-OP6) as extended for a term commencing July 1, 2001 and ending June 30, 2004 by the exercise of an option to renew (authorized by Board Report 98-0622-OP6).

RENEWAL TERM: The term of this lease agreement is being renewed for a period commencing on July 1, 2004 and ending on June 30, 2007. Upon expiration of the renewal term, the Board shall have one (1) option to renew this lease agreement for a period of three (3) years upon 90 days prior notice to Landlord.

EARLY TERMINATION RIGHT: The Board shall have the right to terminate the lease at the end of years one and two of the renewal term, at no cost, upon 90 days prior notice to Landlord.

BASE RENT: The base rent for the renewal term of the lease shall be payable in monthly installments of \$2,513.27. Base rent shall be adjusted annually based on the Consumer Price Index for Chicago.

ADDITIONAL RENT: The Board shall pay as additional rent Real Estate Taxes, utility costs and Common Area Maintenance (CAM) expenses in the amount of \$1,139.00. If Real Estate Taxes, Common Area Maintenance, or Utility costs increase during the lease term then adjustments will be made to reflect the increase.

IMPROVEMENTS TO PREMISES: The Board accepts the premises in its "as is" condition and will be responsible for any improvements.

INSURANCE/INDEMNIFICATION: The Board shall provide for liability insurance under its self-insured coverage.

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

AFFIRMATIVE ACTION: Exempt.

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

FINANCIAL: Charge to Cleveland School
Budget Classification: 2800-552-000-6000-5480

Fiscal Year: 2005
\$46,500

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.

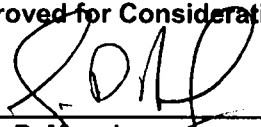
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

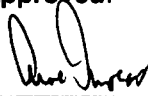
Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Sean P. Murphy
Chief Operating Officer

Approved:



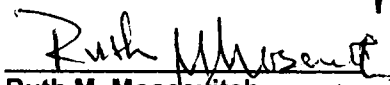
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 


Ruth M. Moscovitch
General Counsel 