

**AMEND BOARD REPORT 04-0128-0P11
APPROVE A LEASE AGREEMENT WITH 7-ELEVEN, INC.
FOR RENTAL OF SPACE AT 125 SOUTH CLARK STREET AND
AUTHORIZE PAYMENT OF REAL ESTATE BROKER'S COMMISSION**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve a lease agreement with 7-Eleven Inc. for rental of space at 125 South Clark Street, 1st Floor Arcade, Suite A-3 (Adams Street and Adams Street lobby frontage) and authorize payment of Real Estate Broker's Commission to Robert Mendelson & Associates in the amount of \$37,209.37. A written lease agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written lease 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: (1) reflect a change in the lease term dates and the rent commencement dates; (2) to add a Lease termination contingency; and (3) in the last sentence of the Use clause to strike the term "by undesirable elements" and substitute the term "of Tenant's business".

TENANT: 7-Eleven Inc.
Great Lakes Division
1251 N. Plum Grove Road, Suite 170
Schaumburg, IL 60173
Contact: Mark Stinson, Real Estate Manager
Phone: (847) 839-5772

LANDLORD: Board of Education of the City of Chicago

PREMISES: 125 S. Clark, 1st Floor – A-3, consisting of approximately 2100 R.S.F.

USE: To be used as a 24 hour retail store concentrating in the sale of convenience items including food, snacks, beverages (excluding the sale of alcoholic beverages), tobacco products and sundries. Subject to prior exclusives of existing Tenants. Tenant shall provide adequate security to prevent the disturbance of Board employees and patrons by undesirable elements of Tenant's business.

TERM: The term of this lease agreement is ten (10) years. The lease shall commence on ~~February 1, 2004~~ November 1, 2004 and shall end ~~January 31, 2014~~ October 31, 2014.

OPTION TO RENEW: Upon giving not less than ninety (90) days notice to Landlord, Tenant shall have two (2) options to renew for periods of five (5) years each at the current Market Rents at the time of renewal.

LEASE CONTINGENCY: If Tenant does not obtain a Building Permit on or before November 1, 2004, Tenant shall have the option to terminate the Lease.

GROSS RENT:	Year	Gross Rent	Monthly	Annually
<u>11/1/04 to 10/31/09</u>	2/1/04 –1/31/09	\$67.50	\$11,812.50	\$141,750.00
<u>11/1/09 to 10/31/14</u>	2/1/09–1/31/14	\$74.25	\$12,993.75	\$155,925.00
Total Gross Rent for term of lease				\$1,488,375.00

~~Notwithstanding the February 1, 2004 commencement of the lease, the Rent Commencement Date shall be the earlier of 90 days from the possession date or 60 days from the issuance of a building permit by the City of Chicago~~ November 1, 2004.

RENT ABATEMENT: Tenant's rent shall abate in the amount of \$42,000 representing \$20.00/rsf. The rent abatement shall be amortized over the first twelve months of the rent period commencing with the Rent Commencement Date.

ADDITIONAL RENT: None. Real Estate taxes and operating expenses are factored into Tenant's gross rent.

CONSTRUCTION: Landlord will deliver the space in its "as-is" condition. Tenant, at its sole cost and expense, shall renovate suite A-3 pursuant to plans and specifications approved by the Board.

BROKER'S COMPENSATION: The lump sum of \$37,209.37 shall be paid to Robert Mendelson & Associates upon execution of the lease agreement.

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.

AFFIRMATIVE ACTION: Exempt.

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

FINANCIAL: Credit Income to General Fund
Charge Contingency: \$37,209.37

Budget Class: 0643-552-000-6000-5480

~~FY-04~~ FY-05

GENERAL CONDITIONS:

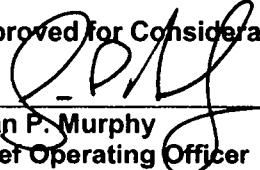
Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel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

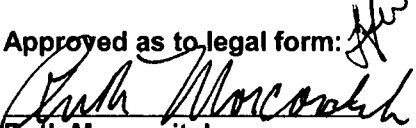
Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

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