

**APPROVE ENTERING INTO AN AGREEMENT WITH NORTHWEST MAILING SERVICE, INC. AND 5501 GRAND VENTURE, LLC REGARDING THE PURCHASE OF THE 5501 W. GRAND LEASEHOLD ESTATE AND AUTHORIZE THE EXECUTION OF A LANDLORD ESTOPPEL CERTIFICATE FOR THE 5401 W.GRAND LEASEHOLD ESTATE**

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

Approve entering into an agreement with Northwest Mailing Service, Inc. and 5501 W. Grand Venture, LLC (collectively referred to as "Northwest") regarding the purchase of the 5501 W. Grand leasehold estate and authorize the execution of a Landlord Estoppel Certificate related thereto. A written 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 matter is stated below.

**LANDLORD FOR 5401 W GRAND AVE.  
AND 5501 W. GRAND AVE:**

Board of Education

**TENANT FOR 5401 W. GRAND:**

American National Bank and Trust Company of Chicago, as Trustee u/t/a dated June 20, 1988 a/k/a Trust # 105763-04, the sole beneficiary of which is 5401 W. Grand Venture, LLC.

**SUBTENANT FOR 5401 W. GRAND:**

Northwest Mailing Service, Inc.  
5401 W. Grand Avenue  
Chicago, IL 60639

**CURRENT TENANT FOR 5501 W. GRAND:**

Grand Street LLC  
5501 W. Grand Avenue  
Chicago, Illinois 60639

**PURCHASER OF 5501 W. GRAND  
LEASEHOLD ESTATE:**

5501 Grand Venture, LLC either directly or through a land trust.

**NEW SUBTENANT FOR 5501 W. GRAND  
LEASEHOLD ESTATE:**

Northwest Mailing Service, Inc. or an entity under common control with Northwest.

**PREMISES:**

5401 and 5501 W. Grand Avenue  
Chicago, IL 60639

**USE:**

Commercial purposes

**TERM:** 5501 Grand Venture, LLC (a joint venture under common control with Northwest Mailing Service, Inc.) is purchasing the 5501 W. Grand leasehold estate currently held by Grand Street LLC, either directly or through a land trust. Grand Street LLC is in monetary default under the 5501 W. Grand Lease for failure to pay rent and real estate taxes and is in non-monetary default for failure to cure safety violations and to properly maintain the building. The term of the leasehold for both properties commenced December 1, 1951 and expire November 30, 2026.

**CONDITIONS OF LEASEHOLD PURCHASE FOR 5501 W. GRAND:** The agreement shall contain the following conditions:

1. The lender for the purchase of the 5501 W. Grand leasehold estate is requiring that the loan be secured by a leasehold mortgage on the 5401 W. Grand leasehold estate and the Board will cause its General Counsel to execute a Landlord Estoppel Certificate for the 5401 W. Grand Avenue leasehold estate in favor of the lender;
2. Northwest will cause the monetary defaults of Grand Street LLC under the 5501 W. Grand Lease to be cured on or before the closing of the purchase, which is \$336,000 in past-due rent plus real estate taxes;
3. As soon as possible after the purchase of the 5501 W. Grand leasehold estate, Northwest shall rehabilitate the 5501 W. Grand property, including, but not limited to, installing a new electrical system, conducting environmental remediation, cleaning and painting, installing a new floor and loading docks, landscaping, upgrading the parking lot, installing new windows, upgrading the communications and cabling, and installing a new security system;
4. The parties shall reappraise the fair market value of the land at 5401 W. Grand under the 5401 W. Grand Lease on or before June 1, 2005 to determine the rent that will be payable for the period from June 1, 2005 through December 1, 2016; and
5. The Board shall agree to cooperate with Northwest in obtaining a No Further Remediation Letter ("NFR Letter") for the 5501 W. Grand property on the condition that said cooperation does not entail any cost to the Board and Northwest uses its best efforts to have the NFR letter be in favor of Northwest and the Board.

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

**AFFIRMATIVE ACTION:** Exempt.

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

**FINANCIAL:** Credit to the General Fund.

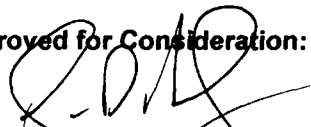
**GENERAL CONDITIONS:**

**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.

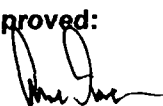
**Conflicts** – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of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

**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.

**Approved for Consideration:**

  
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**Sean P. Murphy**  
**Chief Operating Officer**

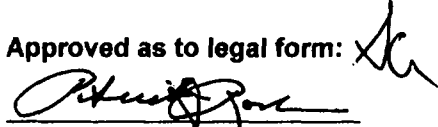
**Approved:**

  
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**Arne Duncan**  
**Chief Executive Officer**

**Within Appropriation:**

  
\_\_\_\_\_  
**John Maiorca**  
**Chief Financial Officer**

**Approved as to legal form:**

  
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**Patrick J. Rocks**  
**General Counsel**