

AMEND BOARD REPORT 04-0623-OP7
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.

This amended Board Report is necessary to add Additional Rent in order for the Landlord rather than the Board to provide for janitorial services and trash removal services; to authorize two lump sum payments to the Landlord for parking signage and mail boxes; and to reflect an abatement of rent for the last 3 months of the lease term due to a delay in the time for occupancy of the Premises. 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 the amended Board Report.

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, 4th 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, 3rd Floor (32,000 sq ft) and Central and Southwest Section of the 4th Floor (16,000 sq ft), Chicago, Illinois plus associated parking.

USE: To house the Region 2 Cluster AIO Office.

OPTION 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 lease on (1) year prior to the automatic renewal period.

BASE RENT: The base rent payment 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

Base Rent shall be abated for the final 3 months of the Lease Term (April, May and June, 2014)

ADDITIONAL RENT: The Board shall pay as Additional Rent, on a monthly basis, one-twelfth (1/12th) 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, security card, parking sign, and access key provided.

JANITORIAL SERVICES: As Additional Rent, the Board shall pay the Landlord for janitorial services and trash removal services. For the 05/06 fiscal year the Additional Rent shall be \$6,900 per month. The Additional Rent shall increase as of July 1st of each year of the lease term (commencing July 1, 2006) based upon Landlord's actual costs of rendering such services.

PARKING SIGNAGE AND MAILBOXES: The Landlord shall provide the Board with 229 parking spaces at no additional charge. However, to obtain a "reserved" sign for each such parking space, the Board shall pay, in one lump sum, the sum of \$16,350.00 when the "reserved" signs are posted. The Board also shall pay, in one lump sum, a sum not to exceed \$5,000 for mailboxes required for the Premises when such mailboxes are installed.

CONSTRUCTION: Landlord shall renovate the Premises pursuant to Construction Document 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 \$87,500 (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 cost of relocation shall be at Landlord's sole cost and expenses 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 and the amendment. Authorize the President and Secretary to execute the lease agreement and the amendment. 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 approve is not applicable to this report.

FINANCIAL:	Charge: City Wide Rent \$1,830,400	FY-05
	<u>City Wide Rent \$104,150</u>	<u>FY06</u>
	Budget Classification: <u>0944-552-000-6000-5480</u>	
	<u>0643-552-000-6000-5480</u>	

GENERAL CONDITIONS:

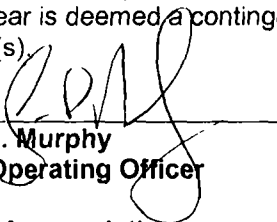
Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel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

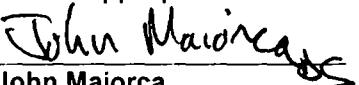
Indebtedness - The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.


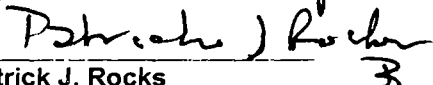
Ethics - The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time shall be incorporated into and made a part of the agreement.

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).


Sean P. Murphy
Chief Operating Officer


Arne Duncan
Chief Executive Officer

Within Appropriation:

John Maiorca
Chief Financial Officer

Approved as to legal form: 

Patrick J. Rocks
General Counsel