

February 22, 2006

**APPROVE ENTERING INTO A LEASE AGREEMENT WITH 11424 S. WESTERN AVENUE L.L.C.  
FOR LEASE OF SPACE AT 11424 S. WESTERN AVENUE**

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

Approve entering into a lease agreement with 11424 S. Western Avenue L.L.C. for lease of space at 11424 S. Western Avenue for use by the Region 6 Cluster offices. 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 Board Report. Information pertinent to this lease agreement is stated below.

**LANDLORD:** 11424 S. Western Avenue L.L.C.  
c/o Marc Realty  
55 E. Jackson Blvd.  
Suite 500  
Chicago, IL 60604  
Contact: Elliot Weiner  
Phone: 312-939-0190

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

**PREMISES:** 11424 S. Western Avenue (entire building and parking lot), consisting of approximately 19,000 rentable square feet.

**USE:** Office space for the Region 6 Cluster offices.

**TERM:** The term of the Lease Agreement shall be for a period commencing July 1, 2006 and ending June 30, 2021.

**BASE RENT:** The base rent during the term shall be as follows:

<u>Period</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>	<u>Annual Rate per Square Foot</u>
7/1/06 – 6/30/07	\$24,937.50	\$299,250	\$15.75
7/1/07 – 6/30/08	\$24,937.50	\$299,250	\$15.75
7/1/08 – 6/30/09	\$28,104.16	\$337,250	\$17.75
7/1/09 – 6/30/10	\$28,104.16	\$337,250	\$17.75
7/1/10 – 6/30/11	\$28,104.16	\$337,250	\$17.75

Base Rent shall increase by \$.50 per square foot per year for years 6 through 15 of the lease term.

All Rent shall be payable in accordance with the terms of the Lease.

**ADDITIONAL RENT:** Tenant shall be responsible for the increases in the Building's operating expenses and real estate taxes over a 2006 Base Year.

**UTILITIES:** Tenant shall be responsible for all utilities and all utilities shall be metered directly to Tenant.

**SECURITY DEPOSIT:** None

**LANDLORD BUILD-OUT:** Landlord will contribute up to \$25.00 per square foot for build-out of the space in accordance with certain agreed upon plans and specifications which will be attached to and made a part of the lease agreement. Landlord's build-out shall include all base building items and all interior build-out, except for those items specifically detailed in Related Expenses below.

**LANDLORD'S SERVICES:** Landlord shall provide janitorial services, maintenance of the parking lot, landscaping, and snow removal. Tenant shall keep the Premises in good order and repair.

**RELATED EXPENSES:** Moving expenses are estimated not to exceed \$13,000.00. Furniture and installation expenses are estimated not to exceed \$300,000. Technology expenses, including voice and WAN/LAN/Wireless equipment and installation, are estimated not to exceed \$385,000. Security system equipment and installation expenses are estimated not to exceed \$65,000 (which includes intrusion detection devices and closed circuit television).

**INSURANCE/INDEMNIFICATION:** The General Counsel shall negotiate all insurance and indemnification provisions in the Lease.

**AUTHORIZATION:** Authorize the General Counsel to include insurance, indemnification, and 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 any and all ancillary documents required to administer or effectuate the Lease Agreement.

**AFFIRMATIVE ACTION:** Exempt

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

<b>FINANCIAL:</b>	Rent:	\$299,250.00
	Budget Classification:	11910 230 57705 254903 000000 2006
	Moving, Furniture, Technology and Security:	\$763,000.00
	Budget Classification:	12150 467 57915 009514 000000 2006

**GENERAL CONDITIONS:**

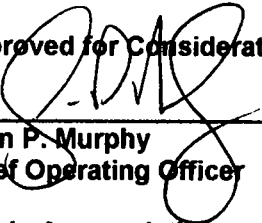
**Inspector General –** Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel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

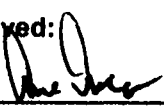
**Conflicts –** The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

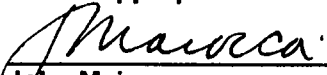
**Indebtedness –** The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.



**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:**   
  
\_\_\_\_\_  
**Patrick J. Rocks**  
**General Counsel**