

AMEND BOARD REPORT 07-1024-OP2
APPROVE ENTERING INTO A LEASE AGREEMENT WITH 4600 S. KEDZIE L.L.C.
FOR LEASE OF SPACE AT 4600 S. KEDZIE AVENUE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with 4600 S. Kedzie L.L.C. for lease of space at 4600 S. Kedzie Avenue for use by Columbia Explorers School to relieve overcrowding. 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.

This Board Report is being amended to extend the end date of the lease due to construction delays and to clarify the amount of rent due at such time as the rent commences. A written amendment to the lease agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of this amended Board Report.

LANDLORD: 4600 S. Kedzie L.L.C.
c/o Marc Realty
55 E. Jackson Blvd.
Suite 500
Chicago, IL 60604
Contact: Elliot Welner
Phone: 312-939-0190

TENANT: Board of Education of the City of Chicago

PREMISES: 4600 S. Kedzie Avenue (entire building), consisting of approximately 11,800 rentable square feet.

USE: Additional classroom space for Columbia Explorers School

TERM: The term of the lease agreement shall be for a period commencing August 1, 2008 and ending July 31, 2023 December 31, 2023.

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>
8/1/08-7/31/09	\$20,895.83	\$250,750	\$21.25
8/1/09-7/31/10	\$20,895.83	\$250,750	\$21.25
8/1/10-7/31/11	\$22,370.83	\$268,450	\$22.75
8/1/11-7/31/12	\$22,370.83	\$268,450	\$22.75
8/1/12-7/31/13	\$22,862.50	\$274,350	\$23.25

At such time as a Certificate of Occupancy is issued for the Premises, Base Rent shall commence ("Rent Commencement Date") at the annual rate of \$21.25 per square foot, which shall be effective for a two year period following the Rent Commencement Date. For years three and four following the Rent Commencement Date, the rent shall be at the annual rate of \$22.75 per square foot, and for year five, the rent shall be at the annual rate \$23.25 per square foot.

Base Rent shall increase by 2.5% each year after the 5th lease-year following the Rent Commencement Date and 3% each year after the 10th lease year following the Rent Commencement Date.

All rent shall be payable in accordance with the terms of the lease agreement.

No rent shall be due and payable until Landlord provides Tenant with a Certificate of Occupancy.

ADDITIONAL RENT: Tenant shall be responsible for any increase in real estate taxes over a 2008-2009 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: Except for the Related Expenses set forth below, Landlord shall build-out the Premises for the tenant improvements to the Premises ("Tenant Improvements") at a cost to the Landlord not to exceed \$65.00 per square foot in accordance with agreed upon plans and specifications (collectively "Plans") which will be attached to and made a part of the lease agreement. Landlord shall also be responsible for the construction of the base building items set forth in the Plans. If there are any changes in the Plans that are requested by the Board that increase the build-out costs for the Tenant Improvements to more than \$65.00 per square foot, the Board shall be responsible for such increased costs.

LANDLORD'S OBLIGATIONS: Landlord shall be responsible for maintenance and repairs to any and all of the structural components of the building, including the HVAC, electrical and plumbing systems.

TENANT'S OBLIGATIONS: Tenant shall be responsible for janitorial services, snow removal, and routine maintenance.

PURCHASE OPTION: The Tenant shall have the option to purchase the Premises for a purchase price of \$4,750,000.00. This option may be exercised no earlier than 18 months prior to the expiration of the lease term and no later than 12 months prior to the expiration of the lease term.

RELATED EXPENSES: The Tenant is responsible for the following Related Expenses: (a) furniture and installation expenses (estimated at \$60,000); (b) technology expenses, including voice and WAN/LAN/Wireless equipment and installation, are estimated at \$65,000; and (c) security system equipment and installation expenses (estimated at \$20,000).

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 and amendment. Authorize the President and Secretary to execute the lease agreement and amendment. Authorize the General Counsel to execute any and all ancillary documents required to administer or effectuate the Lease Agreement. Authorize the Chief Operating Officer to approve the costs of building-out the space in excess of \$65.00 per square foot as a result of changes in the plans and specifications requested by the Board and report such increase to the Board.

AFFIRMATIVE ACTION: Exempt

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

FINANCIAL: Rent: \$250,750.00
Budget Classification: 11910-230-57705-254903-000000-2009

Furniture: \$60,000
Budget classification: 12150-478-54105-009546-000000-2008

Technology & Security: \$85,000
Budget classification: 11910-478-54105-009544-000000-2008

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 June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

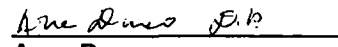
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Approved:



Stephen M. Wilkins
Chief Property Officer




Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel