

September 22, 2021

**AMEND BOARD REPORT 21-0324-OP2**  
**APPROVE ENTERING INTO LEASE AGREEMENT WITH**  
**HEMINGWAY ASSOCIATES, LLC FOR 1840 N. CLARK STREET**  
**FOR USE AS A PRE-K/EARLY CHILDHOOD CENTER**

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

Approve entering into a new lease agreement with Hemingway Associates, LLC, for space located at 1840 N. Clark Street, Chicago, Illinois, for use as a Pre-K/Early Childhood Center. 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 120 days of the date of this Board Report.

This September 2021 amendment is required to revise the start date of the lease. The authority granted herein shall automatically rescind in the event a written lease agreement is not executed within 120 days of the date of this amended Board Report.

**LANDLORD: HEMINGWAY ASSOCIATES, LLC**  
 c/o Jerome H. Meyer & Co., agent for Hemingway Associates, LLC  
 640 N. LaSalle Street, Suite 605  
 Chicago, IL 60654  
 Contact: Jerome Meyer  
 Phone: (312) 944-2700, Ext. 230

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

**LEASED PREMISES:** 1840 N. Clark Street, consisting of approximately 17,808 rentable square feet ("RSF"). Included in the rent, Landlord will also provide ten (10) on-site parking spaces for Tenant's exclusive use.

**USE:** Pre-K/Early Childhood Center space.

**TERM:** The lease agreement shall commence upon execution and shall be for a term of ten (10) operating years commencing on ~~August 1, 2024~~ June 1, 2022 (the "Rent Commencement Date"). Landlord shall allow the Board access to the Premises upon execution to enable the Board to install tenant improvements, furniture, fixtures, equipment, and IT/communication infrastructure/conduit. The Board shall have the right to renew the lease for (2) additional five years periods. The Board shall provide Landlord with not less than 9 months prior written notice of its intent to renew.

**RENT:** Tenant shall pay a base rent of \$33.00 per RSF per year. Base rent will be abated for a period of eight (8) months from the Rent Commencement Date. Base Rent will increase every year during the primary term and any renewal term at a rate of 2.00%. The annual base rent is below and shall be payable in equal monthly installments.

PRIMARY TERM:	ANNUAL BASE RENT:	MONTHLY BASE RENT:
1st Operating Year	\$587,664*	\$48,972
2nd Operating Year	\$599,418	\$49,952
3rd Operating Year	\$611,406	\$50,951
4th Operating Year	\$623,634	\$51,970
5th Operating Year	\$636,107	\$53,009
6th Operating Year	\$648,829	\$54,070

7th Operating Year	\$661,806	\$55,151
8th Operating Year	\$675,042	\$56,254
9th Operating Year	\$688,543	\$57,379
10th Operating Year	\$702,313	\$58,527

\* Rent is abated for the first eight (8) months so rent for first operating year will be \$195,888.

**ADDITIONAL RENT:** Tenant shall pay Landlord as additional rent its share of actual annual real estate taxes, common area maintenance and insurance expenses. For the first year of the term the additional rent is estimated to be \$16.40 per square foot. The estimated additional rent for the initial 10-year term is \$3,605,370.00 and shall be payable in equal monthly installments.

**OPERATING, MAINTENANCE EXPENSES AND UTILITIES:** CPS will pay for its own utilities from lease execution date. Tenant will maintain in good repair, at Tenant's sole expense the interior and non-structural portions of the building including electrical and plumbing.

**TENANT IMPROVEMENT ALLOWANCE:** Provided the Tenant is not in default, Landlord shall reimburse Tenant in an amount equal to the lesser of the actual cost of Tenant's hard costs directly relating to Tenant's work or Tenant's Allowance in an amount not to exceed \$1,691,760.00. Reimbursement shall be contingent upon receipt of lien waivers from Tenant.

**DEMOLITION ALLOWANCE:** Provided the Tenant is not in default, Landlord shall reimburse Tenant in an amount equal to the lesser of \$142,464.00 or the actual costs directly relating to the demolition of the interior of the Premises upon completion of the work. Reimbursement shall be contingent upon receipt of lien waivers from Tenant.

**INSURANCE/INDEMNIFICATION:** Any and all insurance/indemnification language shall be negotiated by the General Counsel.

**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. Authorize the Chief Operating Officer to execute any and all ancillary documents related to the lease agreement.

**AFFIRMATIVE ACTION:** Exempt

**LSC REVIEW:** Not applicable

**FINANCIAL:** The estimated total amount to be paid by the Board for the Leased Premises for the term is \$9,648,356.00. Charge to Real Estate Department.

**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 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 May 25, 2011 (11-0525-PO2), 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:**

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*Lindy F. McGuire*  
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**Lindy F. McGuire**  
Interim Chief Operating Officer

**Approved:**

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*Jose M. Torres*  
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**José M. Torres, PhD**  
Interim Chief Executive Officer

Approved as to legal form: 

DocuSigned by:  
*Joseph T. Moriarty*  
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**Joseph T. Moriarty**  
General Counsel