

**APPROVE ENTERING INTO A LEASE AGREEMENT WITH KEE NAM CHANG d/b/a SUE'S HALLMARK
FOR RENTAL OF SPACE AT 125 SOUTH CLARK STREET**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with Kee Nam Chang d/b/a Sue's Hallmark for rental of space at 125 South Clark Street, 1st Floor, Suite A10, (Adams Street and Adams Street lobby frontage). 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.

TENANT: Kee Nam Chang d/b/a Sue's Hallmark
ADDRESS: 33 N. Dearborn Street
Chicago, IL 60602
Contact Person: Richard Byrne
Phone: 773-334 5855

LANDLORD: Board of Education of the City of Chicago

PREMISES: 125 South Clark Street, 1st Floor, Suite A10 (Adams Street and Adams Street lobby frontage) space currently consisting of 2,785 useable square feet.

USE: To be used by Kee Nam Chang d/b/a Sue's Hallmark as a retail store concentrating in the sale of greeting cards and associated items.

TERM: The term of this lease agreement is 10 years. The lease shall commence on November 1, 2001 and shall end October 31, 2011.

RENT: Tenant shall pay landlord annual gross rent in the amount of \$45.00 per usable square foot, to be paid in equal monthly installments. The initial rent amount is \$125,325.00. Rent shall increase annually by 2.5% after the initial 12 (twelve) month period.

ADDITIONAL RENT: Tenant shall pay its proportionate share of common area expenses and taxes.

EARLY TERMINATION FEE: Tenant shall have the right to terminate the lease at the end of the fifth lease year, upon giving landlord 12 months prior written notice. Provided, however if Tenant so terminates the lease at the end of the fifth lease year, Tenant shall pay to Landlord the sum of \$35,000 as an early termination fee.

IMPROVEMENTS TO PREMISES AND BUILD-OUT COSTS: Landlord will deliver space in its current "as-is" condition; however, Landlord shall provide Tenant with a buildout allowance not to exceed \$27,850.00, (\$10.00/useable square foot). Additionally, landlord shall install a revolving door on the Adams Street exterior wall to provide Tenant direct access to the Premise. The budget for this item is \$218,075.

INSURANCE/INDEMNIFICATION: Tenant will maintain general liability insurance with limits of not less than \$1,000,000 including Landlord and its employees as additional insureds. Tenant will provide Landlord with a Certificate of Insurance, with the provision that Tenant must provide 30 days' prior written notice to Landlord of its intention to cancel.

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 General Counsel to execute all ancillary documents required to administer or effectuate this lease agreement.

AFFIRMATIVE ACTION: Exempt.

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

FINANCIAL: Credit Income to General Fund.
Charge \$27,850.00 to Budget Classification: 0645-476-000-4450-5400

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).

Approved for Consideration:


Timothy Martin
Chief Operating Officer

Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
General Counsel