

AMEND BOARD REPORT 04-1027-OP5
**APPROVE ENTERING INTO A LEASE AGREEMENT WITH FULTON/ELIZABETH, LLC, FOR USE OF
SPACE AT 320 NORTH ELIZABETH STREET**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with Fulton/Elizabeth, LLC, an Illinois Limited Liability Company ("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 the cost of construction build-out to the premises at 320 N. Elizabeth.

LANDLORD: Fulton/Elizabeth, LLC, an Illinois Limited Liability Company
c/o Marc Realty
55 East Jackson Blvd. Suite 500
Chicago, IL 60604
Contact Person: Larry Weiner
Phone: 312-884-5400

TENANT: Board of Education of the City of Chicago

PREMISES: 320 N. Elizabeth, Office Building, Suites 100, 200, 300, 400, 500 (41,853 r.s.f.), Chicago, Illinois including all furniture, fixtures and equipment supplied by Landlord, plus associated parking in "As-is" condition.

USE: To be used by the IMPACT Training Program for general office purposes, training facility and program office for teachers, parents and students, and for no other purposes.

TERM: The term of this lease agreement shall commence as of November 1, 2004 and shall end October 31, 2006.

OPTION TO RENEW: Upon a minimum 270 days notice to Landlord, Tenant shall have one option to renew for a two year period.

BASE RENT: The base rent payments shall commence on November 1, 2004 as follows:

<u>Lease Year</u>	<u>Monthly Base Rent</u>
11/1/04 to 10/31/05	\$47,085
11/1/05 to 10/31/06	\$50,572
<u>Option Years</u>	
11/1/06 to 10/31/07	\$59,292
11/1/07 to 10/31/08	\$62,780

ADDITIONAL RENT: During the term of the lease, the Board shall pay as Additional Rent, on a monthly basis or as otherwise invoiced, any Utility Expenses incurred beyond the normal business hours of 7:00 a.m. to 6:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. Saturday. During the option years the Board shall pay 100% of the Utility Expenses for the Premises.

LATE PAYMENT FEES: If payment of rent or additional rent is not received within 20 days of its due date, a late fee equal to \$300.00 will be imposed, and shall accrue interest at 3% in excess of the Corporate base rate then announced.

CONSTRUCTION: The Board shall pay to the Landlord the amount of \$255,000 to complete the construction build-out at 320 N. Elizabeth, pursuant to construction documents and specifications dated November 10,2004, as issued by the Board. The complete cost of \$255,000 includes all labor and material as specified in the construction documents.

MAINTENANCE: The Board shall be responsible for the normal maintenance and janitorial services for the Premises.

LANDLORD’S MAINTENANCE AND REPAIR OBLIGATIONS: The Landlord shall maintain, repair and replace the landscaping, asphalt, sidewalks, utilities serving the common areas, roof, flashing, gutters and down spouts, building structure, HVAC, plumbing, electrical, sprinkler systems and elevators.

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. 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:		Rent	Utilities	
Charge:	\$ 376,680	\$27,623		FY-05
	\$ 592,916	\$41,853		FY-06
	\$ 202,288	\$12,556		FY-07
Budget: Classification: 0220-464-000-7536-5400				
Option Years:	\$ 474,336	\$29,297		FY-07
	\$ 739,408	\$41,853		FY-08
	\$ 251,120	\$13,812		FY-09

The Board may incur additional utility expenses in Fiscal Years 2005 to 2009, at approximately \$1.00 per square foot per year.

Charge: Cost of construction \$255,000 FY-05
Budget Classification: 0220-464-000-9575-5400

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.

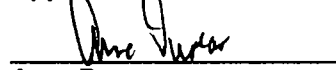
Ethics - The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:


Sean P. Murphy
Chief Operating Officer

Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Maiorca
Chief Financial Officer

Approved as to legal form:


Ruth Moscovitch
General Counsel