

July 25, 2001

01-0725-OP3

APPROVE ENTERING INTO A LEASE AGREEMENT WITH THE NORTH LAWDALE COLLEGE PREPARATORY CHARTER HIGH SCHOOL FOR USE OF SPACE AT THE GEORGE HOWLAND SCHOOL OF THE ARTS LOCATED AT 1616 SOUTH SPAULDING AVENUE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with The North Lawndale College Preparatory Charter High School, as tenant, for rental of a portion of the George Howland School of the Arts located at 1616 South Spaulding Avenue. 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: The North Lawndale College Preparatory Charter High School
c/o Steans Family Foundation
405 North Wabash Avenue, Suite P-2 South
Chicago, IL 60611
Contact: Greg Darnieder
Phone: (312) 467-5900 ext.1501

LANDLORD: Board of Education of the City of Chicago

PREMISES: Tenant shall occupy a portion of the George Howland School of the Arts, 1616 South Spaulding Avenue, consisting of that section of the Building commonly called the 1893 Space, the portion of the building known as the Annex Space, and certain shared common areas as more fully defined in the lease agreement. The Board shall occupy the remainder of the Building and operate the George Howland School of the Arts.

USE: Tenant shall use the Premises to operate the North Lawndale College Preparatory Charter High School and related educational and community programs, and for no other purpose. Tenant shall have unrestricted access to the Premises, except for the shared common facilities. A basic usage schedule for shared common facilities shall be mutually created and agreed upon between the principals of the North Lawndale College Preparatory Charter High School and the George Howland School of the Arts by June 1st of each academic year.

TERM: The lease term shall commence on August 20, 2001, and shall end June 30, 2003; however, this lease shall automatically terminate on any such date as the Charter School Agreement for Tenant is terminated. The Tenant's current Charter School Agreement term is July 1, 1998 to June 30, 2003. In the event that the Charter School Agreement for Tenant is renewed, this Lease shall also be renewed for a term coterminous with Tenant's Charter School Agreement, at a rental rate to be negotiated at such time of renewal.

RENT: Tenant shall pay Landlord the sum of One Dollar for the use and operation of the Premises for the entire term of this Lease.

CONSTRUCTION COSTS: Tenant shall reimburse the Board the sum of \$1,036,000 for the cost of construction of the Premises in installments as follows:

\$500,000	Upon "Substantial Completion" of construction.
\$250,000	Within 30 days following completion of punch list items.
\$286,000	In five annual installments of \$57,200, commencing on September 1, 2002 and continuing on the anniversary thereof until and including September 1, 2006.

One Hundred percent (100%) of the amount Tenant reimburses to the Board for construction costs shall be returned to Tenant in the event the current Charter of the Tenant is terminated or is not renewed. Thereafter, the amount that would be returned to the Tenant if Tenant's Charter is subsequently terminated, shall reduce by 10% each year. In any event, if the Lease is terminated before the entire reimbursement is made by the Tenant, the Tenant's obligation to make further reimbursements will cease.

MAINTENANCE & OPERATIONS: The Landlord shall provide heat, electric, normal maintenance, trash removal, general security and janitorial services.

INSURANCE/INDEMNIFICATION: Landlord and Tenant agree to maintain general liability, property damage, workers' compensation, and employer's liability insurance in sufficient amounts for the purpose of this Lease.

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 any ancillary documents related to this Lease.

AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: LSC approval is not applicable to this action.

FINANCIAL: Credit income to Capital Fund.

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