

**RATIFY A LEASE AGREEMENT WITH CRYSTAL REALTY CO. FOR USE
OF SPACE AT 2353 W. CERMAK**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Ratify a lease agreement with Crystal Realty Co. for the use of space at 2353 W. Cermak, Chicago, Illinois. A written lease agreement for such use 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 agreement is stated below.

LANDLORD: Crystal Realty Co.
40 Lakeview Drive
Lake Barrington, IL 60010-1949
Contact Person: Gus Kitsos
Phone: (847) 382-3333

TENANT: Board of Education of the City of Chicago

PREMISES: 8400 rentable square feet of a 9200 square foot Building located at 2353 W. Cermak Road, Chicago, Illinois, and the east Parking Lot, said premises to be delineated on an exhibit to the lease.

USE: To house Region Four (IV) Little Village Pre-k Program

TERM: The term of this lease agreement shall commence as of December 1, 2002 and shall end November 30, 2009.

RENT: The rent shall commence on December 1, 2002 and shall be at a rate of \$16.00 per rentable square foot for the first three (3) years of the lease term and \$18.00 per rentable square foot for the last four (4) years of the lease term.

<u>Lease Year</u>	<u>Monthly Base Rent</u>	<u>Annual Rent</u>
12-1-02 to 11-30-03	\$11,200.00	\$134,400.00
12-1-03 to 11-30-04	\$11,200.00	\$134,400.00
12-1-04 to 11-30-05	\$11,200.00	\$134,400.00
12-1-05 to 11-30-06	\$12,600.00	\$151,200.00
12-1-06 to 11-30-07	\$12,600.00	\$151,200.00
12-1-07 to 11-30-08	\$12,600.00	\$151,200.00
12-1-08 to 11-30-09	\$12,600.00	\$151,200.00

ADDITIONAL RENT: In addition to Base Rent, Tenant shall pay its proportionate share of Real Estate Taxes and Common Area Maintenance which is estimated at a rate of \$7.50 per square foot. If Common Area Maintenance or Real Estate Taxes increase or decrease during the term, an adjustment shall be made at the end of each calendar year.

CONSTRUCTION: The Board, at its sole cost, shall renovate the Premises substantially as outlined in the proposed floor plan submitted by the Board's Architects and previously approved by Landlord. The estimated cost of said improvements is approximately \$229,000.00.

TENANT'S MAINTENANCE AND REPAIR OBLIGATIONS: The Board shall provide the following:

- (a) heat and electricity necessary for the use and occupancy of the premises for the purposes for which the Lease is made;
- (b) routine maintenance of the premises including painting walls and ceilings;
- (c) prompt removal of snow and ice from the sidewalks, steps, walkways, driveways and entrance ways serving the premises;
- (d) washing of inside and outside windows on a reasonable basis; and
- (e) maintenance of air conditioning units and air mechanical equipment placed on the roof for the use of the Board;

LANDLORD'S MAINTENANCE AND REPAIR OBLIGATIONS: The Landlord shall maintain, repair and replace the structural parts of the Building, which structural parts shall be deemed to include, but not limited to, walls, concrete floors, roof structure, mason work, downspouts, beams, girders, columns, foundation and structural plumbing.

IMPROVEMENTS TO PREMISES: The Board shall have the right to make additions, alterations or improvements that do not exceed the sum of \$10,000 without obtaining the prior written consent of the Landlord.

INSURANCE/INDEMNIFICATION: The Board shall maintain coverage under its self-insured coverage.

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: Charge to Early Childhood: \$363,400.00 Fiscal Year: FY03
Budget Classification: 0952-210-364-7931-5480

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.

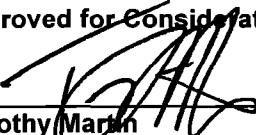
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their 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:



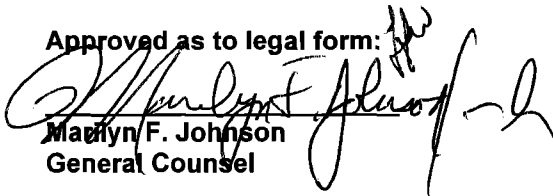
Arne Duncan
Chief Executive Officer *BY PAD*

Within Appropriation:



Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:



Madlyn F. Johnson
General Counsel