

February 25, 2003

**AMEND BOARD REPORT 01-0926-OP01  
RATIFY A LEASE AGREEMENT WITH A & B TOBACCO, INC.  
FOR RENTAL OF SPACE AT 125 SOUTH CLARK STREET**

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

Ratify a lease agreement with A&B Tobacco, Inc. for rental of space at 125 South Clark Street, 1<sup>st</sup> floor, Suite A-1 (lobby arcade). 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 (i) relocate the premises being leased by Tenant from space A1 to A9 (ii) increase the term of the lease; (iii) adjust the rent; (iv) provide Tenant with an option to renew; and (v) authorize payment of a Broker's Commission regarding this relocation. A written amendment to the Lease 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.

**TENANT:** A&B Tobacco, Inc.  
**ADDRESS:** 125 South Clark St. Arcade A-1 ~~A-9~~  
Contact Person: Ashok Shah  
Phone: 312-726 4064

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

**ORIGINAL PREMISES:** 125 South Clark Street, 1<sup>st</sup> Floor, Suite A-1 (lobby arcade), consisting of approximately 500 rentable square feet.

**RELOCATED PREMISES:** Upon substantial completion of Suite A-9, Tenant shall vacate space A1 and relocate its business to space A9, consisting of 668 Rentable Square Feet.

**USE:** To operate a small retail sales stand in Arcade Space A1 A-9 selling various sundry goods including newspapers, magazines and snacks. Subject to prior exclusives of existing tenants.

**TERM:** The term of this lease agreement shall commence on May 1, 2001 and shall end ~~April 30, 2011~~ March 31, 2013. ~~Tenant shall have one option to renew for a 5-year period.~~

**RENT:** From May 1, 2001 to March 31, 2003, the annual rent for the first year of the lease term shall be \$20,000.00, (\$40.00 per square foot) payable in monthly installments of \$1,666.67. Each year thereafter, the rent shall increase by 3% per year. The annual rent from April 1, 2003 to March 31, 2005 shall be \$17,201.00 per annum (\$25.75/R.S.F.) which shall be reduced to \$4,889.76 \$7.32 R.S.F., in order to reimburse the tenant for the improvements. Starting April 1, 2005 the annual rent shall be \$17,715.36 (\$26.52 R.S.F.), Thereafter, the rent shall increase by 3% on each April 1<sup>st</sup> until the end of the lease term. Any rents accrued but not yet paid shall be brought current prior to the execution of this agreement.

**OPTION TO RENEW:** Upon giving not less than six (6) months notice to Landlord, and upon mutual consent of the Parties, tenant shall have one (1) option to renew for a period of ten (10) years at the current market rents at the time of renewal.

**IMPROVEMENTS:** Landlord will deliver the relocated premises in it's "as-is" condition. Within ~~six (6)~~ two (2) months of the execution of the Lease, the Tenant shall improve the premises in accordance with the terms and conditions of the Board's standard improvement guidelines, which guidelines will be made a part of the Lease.

**BROKER'S COMMISSIONS:** Authorize payment of a Broker's Commission to U.S. Equities in the amount of \$4,181.68, upon full execution of the lease agreement for relocation services.

**ADDITIONAL RENT:** None. This is a Gross Rent 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 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 Budget Classification: - 0944-552-000-6000-5480- \$4,181.68

**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:**



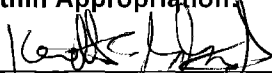
Timothy Martin  
Chief Operating Officer

**Approved:**



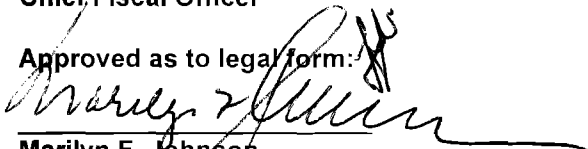
Arne Duncan  
Chief Executive Officer (by PA)

**Within Appropriation:**



Kenneth C. Gotsch  
Chief, Fiscal Officer

**Approved as to legal form:**



Marilyn F. Johnson  
General Counsel