

**APPROVE ENTERING INTO A MASTER LEASE AGREEMENT
WITH THE CATHOLIC BISHOP OF CHICAGO**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a master lease agreement with the Catholic Bishop of Chicago. 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 120 days of the date of this Board Report. Information pertinent to this lease agreement is stated below.

LANDLORD: Catholic Bishop of Chicago
c/o Archdiocese of Chicago
P.O. Box 1979
Chicago, IL 60690-1979
Contact Person: Maureen O'Brien
Phone: (312) 751-8221

TENANT: Board of Education of the City of Chicago

PREMISES: During the term, the Landlord shall lease to the Board various Archdiocese school sites (the current sites are identified on Exhibit A attached hereto). Sites may be added/deleted over the term of the Lease with appropriate and timely notification. Termination penalties may be charged to the Board for failure to give timely notification.

USE: To relieve overcrowding and provide temporary classroom and gymnasium space.

TERM: The term of the lease shall commence July 1, 2005 and end June 30, 2015.

BASE RENT: The Base Rent for the first year of the term is \$5.29 per square foot for classroom space and \$4.54 per square foot for gymnasium space at the St. Frances deSales site which is used on a part-time basis. The Base Rent each year thereafter shall increase by 3.5%. The Base Rent and Additional Rent shall be paid automatically in equal installments on a monthly basis.

ADDITIONAL RENT: Janitorial costs initially shall be \$0.94 per square foot and shall increase 3% each year thereafter. Initial electric costs shall be \$.65 per square foot with a reconciliation of expenses to occur by July 1 each year, the Board agreeing to reimburse the Archdiocese for its actual electrical costs. The electricity rate shall be recalculated on January 1, 2007 when deregulation goes into effect. Gas costs shall be \$0.65 per square foot with a reconciliation of expenses to occur by July 1 of each year, the Board agreeing to reimburse the Archdiocese for its actual costs. The only current site with an engineering fee is St. Denis. All engineering expenses shall be paid by the Board based on a pro-rata share of actual cost.

REPAIRS/MAINTENANCE: The Board shall be responsible for all repairs and maintenance upon the Premises.

CAPITAL EXPENDITURES: By December 31st of each year of the Lease, the parties will jointly assess the physical condition of the leased sites and will agree to and prioritize the capital projects to be completed in the following lease year. Landlord shall then prepare a scope of work for the Board's approval. Landlord will manage all capital projects. The parties have identified necessary capital improvements for the first 3 years of the lease term totaling approximately \$12M, and the parties agree to perform such work over a 3-year period with approximately a \$4M expenditure each year. All capital expenditures are split between the parties with the Landlord's 50% share being limited to a maximum of 1/3 of the annual base rent in the given year for the affected site.

RECAPTURE PROVISION: In the event the Board terminates its lease at a particular site before the term of the Master Lease expires, and the capital work exceeds \$100,000, the Board will have the right to recapture a portion of its investment, under terms and conditions to be negotiated by the General Counsel and approved by the Chief Operating Officer.

INSURANCE/INDEMNIFICATION: The insurance and indemnification provisions shall be negotiated by the General Counsel.

TOTAL ESTIMATED PAYMENTS: For fiscal year 2005/2006, the Base Rent and Additional Rent are estimated to be \$4,445,689.34 and the engineering expense is estimated to be \$69,800.00; with total estimated rental payments for fiscal year 2005/2006 estimated to be \$4,515,489.34. Capital expenditures for fiscal year 2005/2006 are estimated to be \$4,000,000.00.

AUTHORIZATION: Authorize the General Counsel to include indemnification, insurance, recapture provisions and other relevant terms and conditions in the written master lease agreement. Authorize the President and Secretary to execute the master lease agreement. Authorize the Chief Operating Officer to add/delete sites as necessary providing adequate funding exists for any additional sites and authorize the Chief Operating Officer to approve the recapture rights of the Board and to execute any and all ancillary documents required to administer this lease.

AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: Local School Counsel is not applicable to this report

FINANCIAL: Charge to Operations: For Rent \$4,515,489.34 Fiscal Year: 2006
Budget Classification: Various – 552-000-6000-5480

Charge to Operations: For Capital \$4,000,000.00 Fiscal Year: 2006
Budget Classification: Various Capital Funds

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: 

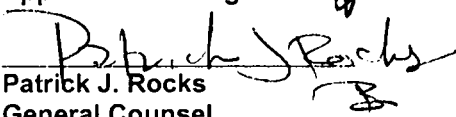

Patrick J. Rocks
General Counsel

Exhibit A

CPS SCHOOL FISCAL YEAR 2005-2006	PARISH NAME	Square Footage	Annual Base Rent at \$5.29	Annual Janitorial at \$0.94	Annual Electric at \$0.65	Annual Heat at \$0.65	Total Annual Rent	Monthly Rent	1/3 Allocation
Zapata	Good Shepard	23,942	\$126,653.18				\$126,653.18	\$10,554.43	\$42,217.73
Seward Branch	Holy Cross	26,913	\$142,369.77	\$25,298.22	\$17,493.45	\$17,493.45	\$202,654.89	\$16,887.91	\$47,456.59
Shields	Imm. Conception - 44th	33,265	\$175,971.85		\$21,622.25	\$21,622.25	\$219,216.35	\$18,268.03	\$58,657.28
McKinley Park School	Our Lady of Fatima	50,443	\$266,843.47		\$32,787.95	\$32,787.95	\$332,419.37	\$27,701.61	\$88,947.82
North River School	Our Lady of Mercy	26,881	\$142,200.49				\$142,200.49	\$11,850.04	\$47,400.16
North River School - Gym	Our Lady of Mercy - Gym	16,087	\$85,100.23	\$15,121.78	\$10,456.55	\$10,456.55	\$121,135.11	\$10,094.59	\$28,366.74
McKay Branch	St. Adrian	10,053	\$53,180.37				\$53,180.37	\$4,431.70	\$17,726.79
Powell	St. Bride	21,790	\$115,269.10				\$115,269.10	\$9,605.76	\$38,423.03
Twain	St. Camillus	30,000	\$158,700.00	\$28,200.00	\$19,500.00	\$19,500.00	\$225,900.00	\$18,825.00	\$52,900.00
Talman	St. Clare de Montefalco	30,593	\$161,836.97		\$19,885.45	\$19,885.45	\$201,607.87	\$16,800.66	\$53,945.66
Clay	St. Columba	9,820	\$51,947.80		\$6,383.00	\$6,383.00	\$64,713.80	\$5,392.82	\$17,315.93
Ashburn	St. Denis	53,020	\$280,475.80				\$280,475.80	\$23,372.98	\$93,491.93
Roque De Duprey	St. Fidelis	31,257	\$165,349.53	\$29,381.58	\$20,317.05	\$20,317.05	\$235,365.21	\$19,613.77	\$55,116.51
Gallistel Elementary	St. Francis de Sales	25,024	\$132,376.96		\$16,265.60	\$16,265.60	\$164,908.16	\$13,742.35	\$44,125.65
Gallistel Elementary	St. Francis de Sales H.S.	11,000	\$58,190.00	\$10,340.00	\$7,150.00	\$7,150.00	\$82,830.00	\$6,902.50	\$19,396.67
Belmont/Cragin	St. James	33,042	\$174,792.18		\$21,477.30	\$21,477.30	\$196,269.48	\$16,355.79	\$58,264.06
Second Chance Alternative HS	St. John of God	17,126	\$90,596.54		\$11,131.90	\$11,131.90	\$112,860.34	\$9,405.03	\$30,198.85
Cesar Chavez	St. Joseph - Hermitage	21,753	\$115,073.37		\$14,139.45	\$14,139.45	\$129,212.82	\$10,767.74	\$38,357.79
Payton	St. Joseph - Orleans	7,737	\$40,928.73		\$5,029.05	\$5,029.05	\$50,986.83	\$4,248.90	\$13,642.91
Early Childhood	St. Maurice	14,293	\$75,609.97		\$9,290.45	\$9,290.45	\$94,190.87	\$7,849.24	\$25,203.32
Hedges Middle Branch	St. Michael the Arch.	10,224	\$54,084.96	\$9,610.56	\$6,645.60	\$6,645.60	\$76,986.72	\$6,415.56	\$18,028.32
Davis	St. Pancratius	21,170	\$111,989.30				\$111,989.30	\$9,332.44	\$37,329.77
Fairfield Academy	St. Rita	54,608	\$288,876.32		\$35,495.20	\$35,495.20	\$359,866.72	\$29,988.89	\$96,292.11
Fairfield Academy - Gym	St. Rita - Gym	10,716	\$56,687.64		\$6,965.40	\$6,965.40	\$70,618.44	\$5,884.87	\$18,895.88
Hanson Branch	St. Stanislaus B&M	38,130	\$201,707.70		\$24,784.50	\$24,784.50	\$251,276.70	\$20,939.73	\$67,235.90
Clinton Branch	St. Timothy	28,543	\$150,992.47	\$26,830.42	\$18,552.95	\$18,552.95	\$214,928.79	\$17,910.73	\$50,330.82
Reilly Branch	St. Wenceslaus	28,725	\$151,955.25		\$18,671.25	\$18,671.25	\$189,297.75	\$15,774.81	\$50,651.75
	SUB-TOTAL	686,155	\$3,629,759.95	\$144,782.56	\$344,044.35	\$308,427.60	\$4,427,014.46	\$368,917.87	\$1,209,919.98
Gallistel Elementary	St. Frances de Sales (hall/gym *4.54/sf)	4,704	\$15,193.92		\$1,881.60	\$1,599.36	\$18,674.88	\$1,556.24	\$6,224.96
	GRAND TOTAL	690,859	\$3,644,953.87	\$144,782.56	\$345,925.95	\$310,026.96	\$4,445,689.34	\$370,474.11	

Master Base rate per sq. ft. 5.29/SF
 Electric rate per sq. ft. 0.65/SF
 Heat rate per sq. ft. 0.65/SF
 Janitorial rate per sq. ft. 0.94/SF

St. Frances de Sales
 Base rate per sq. ft. \$3.23
 Electric rate per sq. ft. \$0.40
 Heat rate per sq. ft. \$0.34
 Janitorial per sq. ft. \$0.57
 \$4.54

rate increases by 61% of the master base rate