

**APPROVE THE TERMINATION OF THE LEASE AGREEMENT  
WITH MAMA FALCO'S, INC. FOR RENTAL OF SPACE A-1 AT 125 S. CLARK STREET  
AND APPROVE A LEASE AGREEMENT WITH ZINA, INC.  
FOR RENTAL OF SPACE A-1 AT 125 S. CLARK STREET**

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

Approve the termination of the lease agreement with Mama Falco's, Inc. for rental of space A-1 at 125 S. Clark Street and approve a lease agreement with Zina, Inc. for rental of space A-1 at 125 S. Clark Street. A written lease termination agreement with Mama Falco's, Inc. is currently being negotiated. A written lease agreement with Zina, Inc. is currently being negotiated. The authority granted herein shall automatically rescind in the event a written termination and lease agreement are not executed within 90 days of the date of this Board Report. Information pertinent to these agreements are stated below.

**TERMINATION AGREEMENT:** The Board and Mama Falco's Inc. entered into that certain Shopping Center Lease dated November 20, 2003 for space A-1 at 125 S. Clark Street for a term commencing March 1, 2004 and ending March 31, 2013 (approved by Board Report 03-0225-OP10). By mutual agreement of the parties, the lease shall be terminated as of October 31, 2006, and shall be of no further force or effect.

**NEW LEASE AGREEMENT:** The Board and Zina, Inc. shall enter into a lease agreement for Space A-1 at 125 S. Clark Street pursuant to the terms stated hereinafter.

**TENANT:** Zina, Inc., an Illinois corporation  
5301 W. Melrose Avenue  
Chicago, IL 60641  
Contact: Amin Khowaja  
Phone: 773-998-6639

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

**PREMISES:** 125 S. Clark Street, 1<sup>st</sup> Floor – Space A1, consisting of approximately 971 rentable square feet.

**USE:** To be used as a Dunkin' Donuts store concentrating in the sale of donuts, other foods, coffee and other beverages, subject to prior exclusives of existing first floor tenants at 125 S. Clark Street. The baking of donuts shall be prohibited.

**TERM:** The term of this lease agreement is ten (10) years commencing November 1, 2006 and ending October 31, 2016.

**OPTION TO RENEW:** Upon giving not less than six (6) months written notice to the Board, Tenant shall have the option to renew the lease for two (2) additional 5-year periods with rent to be determined based upon the then current market rates for such space; provided, however, the rent for the first year of each option period shall not exceed a 5% increase over the rent for the previous year or be less than the rent for the previous year; and further provided, rent for each subsequent year of each option period shall increase by 3% over the previous year.

**RENT:** The Rent shall be gross rent as follows:

<u>Period</u>	<u>Rent per square foot</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
11/1/06 – 10/31/07	\$25.75	\$2,083.33	\$25,000.00
11/1/07 – 10/31/08	\$25.75	\$2,083.33	\$25,000.00
11/1/08 – 10/31/09	\$25.75	\$2,083.33	\$25,000.00
11/1/09 – 10/31/10	\$26.26	\$2,125.00	\$25,500.00
11/1/10 – 10/31/11	\$26.78	\$2,166.67	\$26,000.00
11/1/11 – 10/31/12	\$27.29	\$2,208.33	\$26,500.00
11/1/12 – 10/31/13	\$27.80	\$2,250.00	\$27,000.00
11/1/13 – 10/31/14	\$28.32	\$2,291.67	\$27,500.00
11/1/14 – 10/31/15	\$28.84	\$2,333.33	\$28,000.00
11/1/15 – 10/31/16	\$29.35	\$2,375.00	\$28,500.00

Notwithstanding the lease commencement date of November 1, 2006, the payment of rent shall commence on the date that Tenant opens for business or March 1, 2007, whichever is earlier.

**TENANT IMPROVEMENTS/RENT ABATEMENT:** As an incentive for Tenant to make significant improvements to the Premises, Tenant's rent shall abate in the amount of \$19,420 (\$20.00 per square foot), which abatement shall be amortized over the 1<sup>st</sup> 12 months that rent is due and owing.

**ADDITIONAL RENT:** None. Real Estate taxes and operating expenses are factored into Tenant's gross rent.

**CONSTRUCTION:** Landlord will deliver the space in its "as-is" condition. Tenant, at its sole cost and expense, shall renovate the Premises pursuant to plans and specifications approved in writing and in advance by the Board.

**CONDITIONS OF LEASE:** The lease is subject to the written approval of the franchisor, Dunkin' Donuts, Inc.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions, including indemnification and insurance provisions, in the written termination agreement and the lease agreement. Authorize the President and Secretary to execute the termination agreement and the lease agreement. Authorize the Director of Real Estate to execute any and all ancillary documents related to these agreements.

**AFFIRMATIVE ACTION:** Exempt.

**LSC REVIEW:** Local School Council approval is not applicable to this report.

**FINANCIAL:** Credit Income to the General Fund

**GENERAL CONDITIONS:**

**Inspector General -** Each party to each 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 agreements 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 each 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 each agreement.

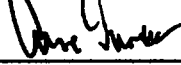
**Contingent Liability –** Each agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**



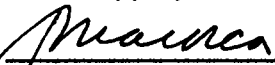
**David Vitale**  
**Chief Operating Officer**

**Approved:**



**Arne Duncan**  
**Chief Executive Officer**

**Within Appropriation:**



**John Maiorca**  
**Chief Financial Officer**

**Approved as to legal form:**



**Patrick J. Rocks**  
**General Counsel**