

**APPROVE ENTERING INTO A SECOND AMENDMENT TO THE LEASE AGREEMENT WITH
FULTON/ELIZABETH, LLC, FOR RENTAL OF SPACE AT 320 NORTH ELIZABETH STREET**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a second amendment to the lease agreement with Fulton/Elizabeth, LLC, an Illinois Limited Liability Company ("Landlord") for rental of space at 320 North Elizabeth Street. A written second amendment to lease agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written agreement is not executed with 90 days of the date of this Board Report. Information pertinent to this lease renewal agreement is stated below.

LANDLORD: Fulton/Elizabeth, LLC, an Illinois Limited Liability Company
c/o Marc Realty
55 East Jackson Blvd., Suite 500
Chicago, IL 60604
Contact Person: Larry Weiner
Phone: 312-884-5400

TENANT: Board of Education of the City of Chicago

PREMISES: 320 N. Elizabeth, Suites 100, 200, 300, 400, 500 (41,853 rentable square feet) Chicago, Illinois

USE: For the continued use by the Human Resources Department and the Office of Technology Services for administrative and training purposes.

ORIGINAL LEASE AGREEMENT: The original lease (authorized by Board Report 04-1215-OP2, as amended by Board 04-1215-OP2, and as extended by Board Report 06-0222-OP2) is for a term commencing November 1, 2004 and ending October 31, 2008.

AMENDED TERM: The lease shall be amended to provide that the term expires October 31, 2022.

BASE RENT: The Base Rent for the period November 1, 2007 to October 31, 2008, shall be as follows:

<u>Lease Year</u>	<u>Rent per square foot</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
11/1/07-10/31/08	\$16.00	\$55,804	\$669,648.00

As of November 1, 2008, the Base Rent shall increase by \$0.50 per square foot and the Base Rent shall increase by \$0.50 per square foot, on a cumulative basis, each November 1st of each lease year thereafter.

UTILITIES: Effective November 1, 2007, electricity and gas for heat shall be separately metered for the Premises and payment for electric and gas shall be the sole responsibility of the Tenant. The cost of installing separate meters shall be borne solely by Landlord.

TAXES: Tenant shall pay to Landlord, as additional rent for taxes, an amount equal to the taxes paid by Landlord which are in excess of the taxes paid by Landlord in the base year 2007.

LANDLORD IMPROVMENTS: Landlord shall, at its sole cost and expense: (a) furnish and install security cameras in the Fulton and Carroll parking lots; (b) update existing security camera equipment behind the building, in front of the Lobby and in the 1st through 5th floor stairways; (c) repair and maintain all brick and mortar on all floors of the building; and (d) furnish and install new carpet in the Premises and paint the walls of the Premises at a mutually agreeable time after November 1, 2011 and again at a mutually agreeable time after November 1, 2016.

JANITORIAL SERVICES: Landlord shall provide qualify janitorial services for the Premises and Tenant shall pay to Landlord, as additional rent, the actual cost of such services. As of September 1, 2007, such janitorial services are \$4,821.00 per month, and shall remain fixed through August 31, 2008. Landlord shall give Tenant 60 days notice of any increase in janitorial services; with such increase to remain fixed

for a 12 month period thereafter. Tenant may, at such time it is notified of any such increase, and with 30 days notice to Landlord, cancel Landlord's janitorial services and provide its own janitorial services.

PARKING: Effective November 1, 2007, Tenant shall be granted the use of five (5) additional parking garage spaces at no additional charge. The parking rates as of November 1, 2007 for the other parking spaces shall be as follows.

<u>Spaces</u>	<u>Location</u>	<u>Cost</u>
100 cars	Parking lot at Fulton & Ada Street	\$50/space/month (\$5,000 per month)
20 cars	Street parking along Carroll Street	No cost
40 cars	Parking garage at 323 Ada Street	\$68.75/space/month (\$2,750 per month)

The above rates shall be fixed from 11/1/07 though 10/31/10. Effective 11/1/10 and on November 1st of each lease year thereafter, such rates shall increase, on a cumulative basis, by 3%.

OTHER TERMS AND CONDITIONS: Except as specifically modified by this Board Report, all other terms and conditions of the original lease shall continue in full force and effect.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written second amendment agreement. Authorize the President and Secretary to execute the second amendment agreement. Authorize the General Counsel to execute all ancillary documents required to administer or effectuate this second amendment agreement.

AFFIRMATIVE ACTION: Exempt.

FINANCIAL: Charge:

For Base Rent FY08:	\$669,648.00
For Parking FY08:	\$93,000.00
For Additional Rent (janitorial and taxes) FY08:	<u>\$70,000.00 (est.)</u>
	\$832,648.00 annual

Budget Classification: 11910-230-57705-254903-0000000-2008

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.

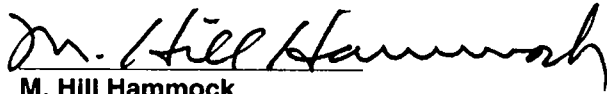
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

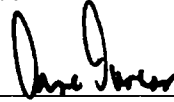
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



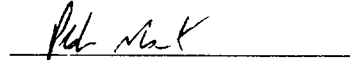
**M. Hill Hammock
Chief Operating Officer**

Approved:



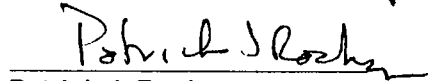
**Arne Duncan
Chief Executive Officer**

Within Appropriation:



**Pedro Martinez
Chief Financial Officer**

Approved as to legal form:



**Patrick J. Rocks
General Counsel**