

**AMEND BOARD REPORT 07-0523-OP3  
APPROVE ENTERING INTO A LEASE AGREEMENT WITH CHICAGO TITLE  
AND TRUST COMPANY, AS TRUSTEE UNDER TRUST  
AGREEMENT NO. 2000001572, DATED NOVEMBER 11, 1968  
FOR LEASE OF SPACE AT 4024 WEST 59<sup>TH</sup> STREET, CHICAGO, ILLINOIS**

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

Approve entering into a lease agreement with Chicago Title and Trust Company, as Trustee under Trust Agreement No. 2000001572, dated November 11, 1968, for lease of space at 4024 West 59<sup>th</sup> Street, Chicago, Illinois for use by the Early Childhood program for Pre-K space for the Peck School. 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 90 days of the date of this Board Report. Information pertinent to this lease agreement is stated below.

This Board Report is being amended to extend the end date of this lease, to clarify the amount of rent due at such time as the rent commences, to provide the Board with the option to terminate the lease in the event the Landlord does not complete construction by November 1, 2008, to increase the Tenant's contribution for build-out of the Premises by \$14,500, and change the budget classification for such build-out.

**LANDLORD:** Chicago Title and Trust Company, as Trustee under  
Trust Agreement No. 2000001572, dated November 11, 1968  
Beneficiary: The Anthony A. Dinolfo Trust, dated September 5, 2001  
c/o Charles J. Dinolfo, Trustee  
10024 S. Major Avenue  
Oak Lawn, IL 60453  
Contact: Kevin Lynch  
Phone: 708-424-1199

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

**PREMISES:** 4024 West 59<sup>th</sup> Street, Chicago, Illinois; Unit 4024, consisting of approximately 4,731 rentable square feet.

**USE:** Pre-K space for the Peck School.

**TERM:** The term of the Lease Agreement shall be for a period commencing August 1, 2007 and ending July 31, 2014 August 31, 2015; with the Board having two (2) options to renew the lease for additional 5-year terms.

**RIGHT TO TERMINATE:** In the event the Premises are not substantially completed on or before November 1, 2008, Tenant shall have the right to terminate this Lease.

**BASE RENT:** The Base Rent during the term shall be as follows:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Annual Rate per Square Foot</u>
8/1/07 – 7/31/08	\$82,792.50	17.50
8/1/08 – 7/31/09	\$85,158.00	18.00
8/1/09 – 7/31/10	\$87,523.50	18.50
8/1/10 – 7/31/11	\$89,889.00	19.00
8/1/11 – 7/31/12	\$92,254.50	19.50
8/1/12 – 7/31/13	\$94,620.00	20.00
8/1/13 – 7/31/14	\$96,985.50	20.50

At such time as a Certificate of Occupancy is issued for the Premises, Basic Rent shall commence at the annual rate of \$17.50 per square foot and shall increase by \$0.50 every 12 months thereafter during the Term of this Lease.

All Rent shall be payable in accordance with the terms of the Lease. Rent for the two (2) additional 5-year terms shall escalate at the rate of 3% per annum. No rent shall be due and payable until a Certificate of Occupancy is issued for the Premises.

**ADDITIONAL RENT:** None.

**UTILITIES:** Tenant shall be responsible for electric and gas which shall be metered directly to Tenant.

**SECURITY DEPOSIT:** None

**LANDLORD BUILD-OUT:** The Landlord shall provide the build-out of the space in accordance with certain agreed upon plans and specifications prepared by the Board which will be attached to and made a part of the lease. Such build-out shall not exceed ~~\$331,470.00~~ \$345,670.00; of which the Tenant shall contribute no more than ~~\$212,895.00~~ \$227,395.00 ( ~~\$45.00~~ \$48.06 per square foot) which amount shall be due and payable in one lump sum within 30 days of receipt of invoice upon completion of the build-out and issuance of the certificate of occupancy. The Landlord shall be responsible for the remainder of the build-out expenses.

**LANDLORD'S SERVICES:** Landlord shall provide maintenance of the parking lot, landscaping, and snow removal. Tenant shall provide janitorial services and keep the Premises in good order and repair.

**RIGHT OF FIRST REFUSAL:** Tenant shall have the first refusal to lease any or all of the remaining space in the 4024 W. 59<sup>th</sup> Street shopping center that becomes available during the Lease Term.

**RELATED EXPENSES:** Moving expenses are estimated not to exceed \$10,000.00. Furniture and installation is estimated not to exceed \$10,000.00. Technology expenses, including voice and WAN/LAN/Wireless equipment and installation, are estimated not to exceed \$50,000.00.

**INSURANCE/INDEMNIFICATION:** The General Counsel shall negotiate all insurance and indemnification provisions in the Lease.

**AUTHORIZATION:** Authorize the General Counsel to include insurance, indemnification, and 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 any and all ancillary documents required to administer or effectuate the Lease Agreement.

**AFFIRMATIVE ACTION:** Exempt

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

<b>FINANCIAL:</b>	Rent: FY 07/08	\$82,792.50
	Budget Classification:	0952-210-364-7931-5480 (Early Childhood)
	Build-Out:	<del>\$212,895.00</del> <u>\$227,395.00</u>
	Budget Classification:	<del>12150-474-54105-009514-000000-2007 (Capital Repairs)</del> <u>11910-478-54105-009544-000000-2008</u>
	Moving, Furniture, Technology	\$70,000.00
	Budget Classification:	0952-210-364-7931-5480 (Early Childhood)

**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.

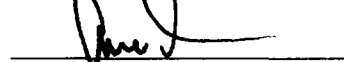
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**



**M. Hill Hammock  
Chief Operating Officer**

**Approved:**



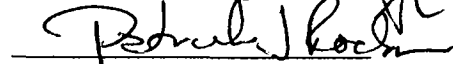
**Arne Duncan  
Chief Executive Officer**

**Within Appropriation:**



**Pedro Martinez  
Chief Financial Officer**

**Approved as to legal form:**



**Patrick J. Rocks  
General Counsel**