

AMEND BOARD REPORT 10-0224-OP7
**APPROVE ENTERING INTO A LEASE AGREEMENT WITH THE CITY OF CHICAGO
FOR THE LAND AND BUILDING LOCATED AT 363 W. HILL STREET (BYRD SCHOOL)**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a lease agreement with the City of Chicago for the land and building located at 363 W. Hill Street, Chicago, Illinois. A written lease agreement is currently being negotiated. The City shall not take possession of the premises nor shall any leasehold estate be created prior to the execution of the written lease agreement and receipt of insurance as required by the Board's Bureau of Risk Management, ~~and execution of an intergovernmental~~ The lease agreement shall be in a form acceptable to the Board in which Tenant agrees to use its best efforts to provide tax increment financing ("TIF") funding to pay the cost of the construction of a new school facility for Jones College Preparatory High School in an amount not to exceed \$125,000,000. If the City cannot provide TIF funding for Jones, the Board shall have the right to receive the appraised value of Byrd School (\$5,300,000) plus interest.

The authority granted herein shall automatically rescind in the event the lease is not executed within 120 days of the date of this amended Board Report. Information pertinent to the lease agreement is stated below.

TENANT: The City of Chicago
121 N. LaSalle Street
Chicago, IL 60602
Contact Person: Steve Holler
Phone: 312-744-6934

LANDLORD: Board of Education of the City of Chicago

PREMISES: The premises shall consist of the land and building located at 363 W. Hill Street, as more fully Described in Exhibit A attached hereto (the "Premises"). The Premises are being leased on an "As Is" basis.

TERM: The term of the lease agreement shall commence on the date the agreement is fully executed and shall end 99 years thereafter.

USE: The Tenant may use the Premises for any lawful purpose. The Tenant shall have the right to demolish the existing building and improve the Premises in any manner it sees fit without approval from the Landlord.

RENT: The rent for the Term of the Lease shall be \$1.00 per annum plus the consideration specified below.

RELATED EXPENSES: The Tenant shall be responsible for any and all costs and expenses of any kind related to the Premises, including, but not limited to, real estate taxes, utilities, environmental matters, demolition, construction and all matters related to operating and maintaining any buildings or structures on the Premises.

ASSIGNMENT/SUB-LEASE: The Tenant shall have the right, with Landlord's approval, to assign or sub-lease the Premises to any lawful entity for any lawful purpose and use.

RIGHT OF ENTRY: Pending the execution of the Lease Agreement and approval of the required insurance by the Board's Bureau of Risk Management, Landlord shall grant Tenant, its contractors and/or designees, the right to enter upon and occupy the Premises and perform all rights Tenant will have under the Lease, all at the sole cost and risk of Tenant.

OWNERSHIP OF IMPROVEMENTS UPON THE PREMISES: At the termination of the Lease due to expiration of the Lease Term or termination of the Lease due to default or breach by the Tenant, the improvements upon the Premises shall become the sole property of the Landlord and Tenant shall cease to have any ownership rights or leasehold rights in the Premises.

CONSIDERATION: As and for consideration of this Lease, Tenant shall use its best efforts to pay the cost of the construction of a new school facility for Jones College Preparatory High School in an amount not to exceed \$125,000,000 in tax increment financing funding on or before December 31, 2014. If the City cannot provide the \$125,000,000 in TIF funding by December 31, 2014, the Board shall have the option of receiving the appraised value of the Byrd School (\$5,300,000) plus interest from the date of the Lease. As a condition of closing, the Tenant shall memorialize the tax increment financing obligation in an intergovernmental the Byrd Lease agreement acceptable to the Board.

INSURANCE/INDEMNIFICATION: Tenant shall provide adequate insurance at all times as specified in the Lease Agreement and Right of Entry as required by the Board's Bureau of Risk Management. Indemnification language shall be negotiated by the General Counsel.

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 including any and all Right of Entry Agreements. Authorize the General Counsel and Chief Financial Officer to perform all actions necessary to secure the additional \$125 Million in TIF funding from the City for the new Jones College Preparatory High School.

AFFIRMATIVE ACTION: Exempt.

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

FINANCIAL: Credit Rent to the General Fund.

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 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:


Patricia L. Taylor
Chief Operating Officer

Approved:


Ron Huberman
Chief Executive Officer

Within Appropriation:


Diana S. Ferguson
Chief Financial Officer

Approved as to legal form: 




Patrick J. Rocks
General Counsel 

EXHIBIT A
PREMISES – BYRD SCHOOL

PARCEL 1:

LOTS 5 AND 6 (EXCEPT THE SOUTH 10 FEET OF SAID LOTS) ALSO THE EAST ½ OF VACATED NORTH-SOUTH 15 FOOT WIDE ALLEY LYING WEST AND ADJOINING LOT 6 (EXCEPT SOUTH 10 FEET) ALSO THE SOUTH ½ OF VACATED HILL STREET LYING NORTH AND ADJOINING SAID LOTS 5 AND 6 AND SAID EAST ½ OF VACATED NORTH-SOUTH 15 FOOT WIDE ALLEY ALL IN BLOCK 12 IN JOHNSTON, ROBERTS AND STORR'S ADDITION TO CHICAGO IN SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

PARCEL 2:

LOTS 1 TO 9 ALSO THE WEST ½ OF VACATED NORTH-SOUTH 15 FOOT WIDE ALLEY LYING EAST AND ADJOINING LOTS 5 TO 9 AND NORTH OF A LINE 10 FEET NORTH OF THE SOUTH LINE OF LOT 6 EXTEND WEST OF BLOCK 12 OF JOHNSTON, ROBERTS AND STORRS ADDITION TO CHICAGO IN SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN; ALSO THE EAST ½ OF VACATED SEDGWICK STREET LYING WEST AND ADJOINING SAID LOTS 1 TO 9 ALSO THE SOUTH ½ OF VACATED HILL STREET LYING NORTH AND ADJOINING LOT 9 AND SAID WEST ½ OF VACATED NORTH-SOUTH 15 FOOT WIDE ALLEY AND SAID EAST ½ OF VACATED SEDGWICK STREET ALSO THE NORTH ½ OF VACATED WENDELL STREET LYING SOUTH AND ADJOINING LOT 1 AND SAID EAST ½ OF VACATED SEDGWICK STREET, ALL IN BLOCK 11 IN ROGERS SUBDIVISION OF THAT PART OF NORTH EAST ¼ OF THE SOUTH WEST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, NORTH OF OAK STREET AND EAST OF SEDGWICK STREET IN COOK COUNTY, ILLINOIS.

PINS:

17-04-415-024-0000

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(The purpose of this amendment is to include in the Byrd Lease Agreement, the City's commitment to use its best efforts to provide up to a maximum of \$125,000,000 in TIF funding for the construction of a new Jones High School because the Intergovernmental Agreement and the amendment to existing TIF Districts needed to provide TIF funding for Jones cannot be completed prior to the date the City needs to take possession of Byrd School.)