

**APPROVE NEW LEASE AGREEMENT WITH ZOUP! FRESH SOUP COMPANY
FOR USE OF SPACE AT 125 SOUTH CLARK STREET AND PAYMENT OF BROKERAGE FEES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the new retail lease agreement with Zoup! Fresh Soup Company ("Zoup") for use of space at 125 S. Clark St. A written lease is currently being negotiated. The authority granted herein shall automatically rescind in the event the lease is not executed within 90 days of the date of this Board Report. This Board Report is also to approve payment of brokerage fees to MB Real Estate Services. Information pertinent to this matter is stated below.

TENANT: Apexiti LLC, an Illinois Corporation d/b/a Zoup!

Contacts: James L. Behling	Stanley J. Bumstead
6S440 S. Richmond Ave	2332 Rebecca Drive
Westmont, IL 60559	New Lenox, IL 60451
(312)656-5810/jbehling@zoup.com	(815)735-2988/stanb@slalom.com

LANDLORD: Board of Education of the City of Chicago Public Schools

PREMISES: 125 S. Clark St., Suite 104; approximately 1,889 rentable square feet on the 1st floor.

USE: For the operation of a sit down and carry out restaurant which features soup and related products which may include bread, sandwiches, salads, desserts, smoothies, beverages and breakfast items.

TERM: 10 years commencing on the Rent Commencement Date (as defined below) and ending 10 years thereafter. Subject to the full execution of the written lease, beginning January 1, 2013 ("the Possession Date"), Tenant shall have the right to take possession of the Premises for pre-opening construction planning and permitting.

AS-IS CONDITION: Landlord will deliver the Premises in "as-is" condition on the Possession Date.

RENT COMMENCEMENT DATE: Rent shall commence on the 1st day of the month following 120 days after the Possession Date and Tenant has obtained all necessary permits and approvals necessary for its pre-opening construction ("Rent Commencement Date"). The permitting and approval process is estimated to take 4 weeks. Tenant shall be responsible for its proportional share of real estate taxes and common area maintenance expenses as of the Rent Commencement Date.

RENT: Tenant shall pay a total of approximately **\$978,000** in base rent and additional rent (maintenance and proportional real estate taxes) over the 10-year term as follows:

<u>Lease Year</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
1 & 2	\$ 0.00	\$ 0.00
3	\$7,083.75	\$85,005.00
4	\$7,083.75	\$85,005.00
5	\$7,083.75	\$85,005.00
6	\$7,792.13	\$93,505.50
7	\$7,792.13	\$93,505.50
8	\$7,792.13	\$93,505.50
9	\$7,792.13	\$93,505.50
10	\$7,792.13	\$93,505.50
Total base rent:		\$722,542.00

In addition, Tenant shall pay its proportionate share of building common area maintenance and real estate taxes, which are estimated to total **\$255,000** for the term of the lease.

Tenant will receive 24 months of net rent abatement beginning on the Rent Commencement Date ("Net Rent Abatement Period") in lieu of Landlord's base building work and tenant improvement allowance. Tenant shall still pay common area maintenance and real estate taxes during the Net Rent Abatement period.

COMMON AREA MAINTENANCE AND REAL ESTATE TAXES: In addition to the base rental rate, Tenant will pay its proportionate share of building common area maintenance and real estate taxes during the term of the lease, including the Net Rent Abatement Period.

TENANT ALLOWANCE: Landlord is providing no allowance or base building work. Tenant shall fund all base building, soft and hard construction costs, project management fees, and any other costs related to the construction of the Premises.

UTILITIES: Tenant will be responsible for all utility charges.

SIGNAGE: Tenant will have the right to install identification signs at the entrance to its Premises using the standard corporate logo or graphics of Tenant. Tenant will submit sign exhibits for Landlord's prior approval.

RESTRICTION: During the term of the Lease, Landlord shall not lease, rent, occupy, or permit to be occupied any space in the Building for the operation of a restaurant which features more than 4 soups per day and soup may account for no more than 20% of sales.

RENEWAL OPTION: Tenant will have 2 options to renew its lease for an additional term of 5 years each. Tenant will give to Landlord 12 months prior written notice of its intention to exercise such option. The base rent for the first renewal option (years 11-15) shall be \$54.45 per square foot. The base rent for the second renewal option (years 16-20) shall be the prevailing fair market rental for similar class retail space in the Loop area of Chicago, but not less than the then-escalated rate (\$59.90 per square foot). No brokerage fee will be paid in the event Tenant exercises its renewal options.

BROKERAGE FEES: The Board shall pay MB Real Estate Services, as agent for the Board, a brokerage fee of \$2.48 per square foot per year, half of which (\$1.24 per square foot per year) shall be paid to Cushman & Wakefield of Illinois, Inc., as agent for Tenant. The total brokerage fee to be paid by the Board is **\$46,847.20** ($\$2.48 \times 1,889 \text{ sf} \times 10 \text{ years}$), and shall be paid to MB Real Estate as follows: (i) 50% (\$23,423.60) shall be paid within 30 days of full lease execution, and (ii) the remaining 50% (\$23,423.60) shall be paid within 30 days of the first day Tenant occupies the Premises for the conduct of business.

LEASE SECURITY: James L. Behling and Stanley J. Bumstead will execute a personal guaranty of the lease on behalf of Tenant and for the benefit of the Board for Years 1 through Year 3 of the lease. At the beginning of Year 4, Tenant will submit a cash security deposit equal to 1 month gross rent to the Board. The personal guarantee shall expire at the beginning of Year 4, so long as the Board has received Tenant's security deposit. Tenant shall have 15 days from the date of notice to cure any monetary default 30 days from the date of notice to cure all other defaults.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the lease agreement. Authorize the President and Secretary to execute the lease agreement. Authorize the Chief Operating Officer to execute all ancillary documents required to administer or effectuate the lease.

AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: Not applicable.

FINANCIAL: Credit rent income to the General Fund.

Brokerage fee charged to:

FY13 Fund: 230

Department Name: Facility Operations & Management \$46,847.20

Department Parent Unit Number: 11800

FY13: \$46,847.20

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 May 25, 2011 (11-0525-PO2), 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:



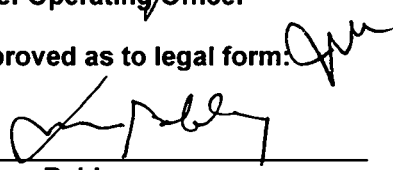
Patricia L. Taylor
Chief Operating Officer

Approved:



Barbara Byrd-Bennett
Chief Executive Officer

Approved as to legal form:



James Bebley
General Counsel