

June 24, 2015

**AUTHORIZE LEASE AGREEMENTS
WITH THE CATHOLIC BISHOP OF CHICAGO**

THE CHIEF ADMINISTRATIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize lease agreements with the Catholic Bishop of Chicago, an Illinois not-for-profit corporation, for various Archdiocese school sites. The terms of a standard lease agreement are currently being negotiated; a separate lease agreement will be executed for each site. The authority granted herein shall automatically rescind for each existing site in the event the lease agreement for that site is not executed within 90 days of the date of this Board Report. Information pertinent to these leases is stated below.

LANDLORD: Catholic Bishop of Chicago c/o Archdiocese of Chicago
835 N. Rush St.
Chicago, IL 60611
Contact: Tom Kennedy (Phone: 312-534-8394/ Email: tkennedy@archchicago.org)

TENANT: Board of Education of the City of Chicago

PREMISES: Various Archdiocese school sites. Each site shall have a separate lease agreement governed by the terms outlined herein. Sites may be added and/or terminated over the term upon agreement of the parties. The current sites, which are covered under a Master Agreement (authorized by Board Report 05-0622-OP4) are for a term commencing July 1, 2005, and ending June 30, 2015 and are identified on Exhibit A attached hereto.

USE: For education and related purposes on school days from 6:30 a.m. - 4:30 p.m. and for after-school events as necessary.

TERM: The term of each new lease for the sites identified on Exhibit A shall commence on July 1, 2015, and end on June 30, 2025. Sites added after July 1, 2015, shall commence upon agreement of the parties and shall end no later than June 30, 2025, unless otherwise terminated by either party.

EARLY TERMINATION: Either party may terminate the lease with respect to any site upon notice by December 31st (effective the following June 30th).

BASE RENT: The base rent for the first year of the term shall be \$7.44 per square foot; provided, however, that the parties may agree to a lower rate for specific space (for example, the rate charged for the gymnasium space at St. Francis de Sales High School, which is used by Gallistel Elementary, is \$4.54 per square foot). The base rent shall increase by 3.5% annually beginning the second year of the lease term.

ADDITIONAL RENT/UTILITIES: If CPS occupies an entire building, CPS may have direct accounts for the utilities. At sites where CPS does not pay utilities directly to the utility company, CPS shall reimburse the Landlord at the following rates:

- (i) Electric: \$1.03 per square foot; for locations with a window AC unit installed, an additional charge of \$0.13 will also apply.
- (ii) Gas: \$1.44 per square foot.
- (iii) Utility reimbursement rates shall increase by 3% at the beginning of each term year.

MAINTENANCE, REPAIRS & IMPROVEMENTS: CPS shall be responsible for all routine maintenance and repairs during its use, including custodial services, snow plowing and garbage/recycling. The Landlord shall be responsible for landscaping. The parties shall split all agreed upon capital improvements equally, unless otherwise agreed. CPS's contributions toward capital improvements shall not exceed \$850,000 annually for the entire portfolio; Landlord's annual contributions toward capital contributions and repairs shall not exceed 1/3 of any particular site's annual rent. Either party may elect to forego a particular capital improvement or repair and instead terminate the site lease upon 90 days' notice; provided, however, that the effective termination date under this election cannot be prior to the end of the then-current school year. Capital improvements shall be defined by the parties in the respective site lease agreement.

RIGHT OF FIRST OFFER: The Landlord agrees that if, at any time during the term of a site lease, it desires to sell the site leased by CPS, the Landlord will first offer to sell the building to CPS or its nominee.

INSURANCE/INDEMNIFICATION: Any and all insurance/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 agreements for current and new sites. Authorize the President and Secretary to execute the lease agreements for current and new sites. Authorize the Chief Operating Officer or his/her designee to execute any and all ancillary documents related to the lease agreements.

AFFIRMATIVE ACTION: Exempt

LSC REVIEW: Not applicable

FINANCIAL: The estimated annual cost for FY16 is \$5,750,000, Subsequent funding is subject to budget appropriation and approval.

Charge to Real Estate: Fund 230 or 362

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.

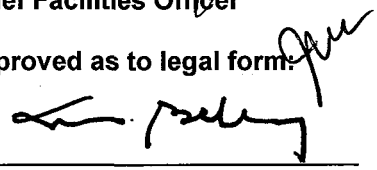
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



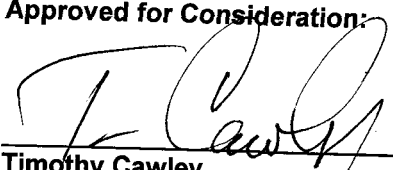
Patricia L. Taylor
Chief Facilities Officer

Approved as to legal form:



James Bebley
General Counsel

Approved for Consideration:



Timothy Cawley
Chief Administrative Officer

EXHIBIT A

Current Archdiocese Facilities
(to be renewed for FY16)

CPS School Use	Archdiocese Facility	Square Feet	FY16 Annual Rent		FY16 Additional Rent (Estimated Utilities)		Total Rent
			FY16 Annual Rent	FY16 Annual Rent	FY16 Additional Rent	FY16 Additional Rent	
1 Ashburn	St. Denis, 8301 S. St. Louis	53,020	\$394,469	\$394,469	0	\$394,469	
2 Bridge	St. Priscilla, 7001 W. Addison	41,721	\$310,404	\$310,404	\$108,057	\$418,461	
3 Chavez	St. Joseph (Hermitage), 4821 S. Hermitage	21,753	\$161,842	\$161,842	\$25,233	\$187,075	
4 Chavez	St. Michael the Archangel, 4821 S. Damen	5,677	\$42,237	\$42,237	\$14,703	\$56,940	
5 Clay	St. Columba, 13323 S. Green Bay	9,820	\$73,061	\$73,061	\$25,434	\$98,495	
6 Fairfield	St. Rita, 6201 S. Fairfield	65,324	\$486,011	\$486,011	\$169,189	\$655,200	
7 Gallistel	St. Francis de Sales Elementary, 10200 S. Ave J	29,728	\$206,527	\$206,527	\$68,579	\$275,106	
8 Gallistel	St. Francis de Sales High School, 10155 S. Ewing	14,475	\$107,694	\$107,694	\$35,609	\$143,303	
9 Hanson	St. Stanislaus Bishop-Martyr, 2318 N. Lorel	38,130	\$283,587	\$283,587	\$93,800	\$377,387	
10 Hedges	St. Michael the Archangel, 1957 W. 48th	10,224	\$76,067	\$76,067	\$26,532	\$102,599	
11 North River	Our Lady of Mercy, 4432 N. Troy	45,036	\$335,068	\$335,068	\$44,548	\$379,616	
12 Pasteur	St. Camillus, 5426 S. Lockwood	24,504	\$182,310	\$182,310	\$63,465	\$245,775	
13 Payton	St. Joseph (Orleans), 1107 N. Orleans	11,937	\$88,811	\$88,811	\$24,241	\$113,052	
14 Peace & Education	St. John of God, 1234 W. 52nd	22,378	\$166,492	\$166,492	\$55,050	\$221,542	
15 Reilly	St. Wenceslaus, 3425 N. Lawndale	28,725	\$213,714	\$213,714	\$74,398	\$288,112	
16 Seward Branch	Holy Cross, 1740 W. 46th	26,913	\$200,233	\$200,233	\$66,205	\$266,438	
17 Talman	St. Clare de Montefalco, 5443 S. Washtenaw	31,291	\$232,805	\$232,805	\$81,044	\$313,849	
18 Thomas	St. Maurice, 3625 S. Hoyne	14,293	\$106,340	\$106,340	\$37,019	\$143,359	
19 Zapatta	Good Shepard, 2719 S. Kolin	23,942	\$178,128	\$178,128	0	\$178,128	
Totals:		518,891	\$3,845,800	\$3,845,800	\$1,013,106.00	\$4,858,906	

*includes the gym at reduced rate

Overall total does not include not-to-exceed \$850,000 annual repair/improvement contribution Ashburn/St. Denis and Zapatta/Good Shepard utilities are billed directly to CPS (not part of additional rent)