

February 28, 2018

AMEND BOARD REPORT 15-0624-OP5
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 Rider 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 amended Board Report. Information pertinent to this these leases is stated below.

This February 2018 amendment is necessary to: (i) change the estimated cost of the lease with regard to capital improvements, (ii) reflect that there will be a single lease with Riders applicable to each respective site, (iii) to clarify certain environmental, capital improvement, maintenance and real estate tax responsibilities of Board as Tenant, and (iv) reflect certain changes in the sites set forth in revisions to Exhibit A.

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)
 Eric Wollan (Phone: 312-534-8394/ Email: ewollan@archchicago.org)

TENANT: Board of Education of the City of Chicago

PREMISES: Various Archdiocese school sites. Each site shall have a separate lease Rider 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. Exhibit A also identifies certain changes to those sites that have been made since the date of Board Report 15-0624-OP5.

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, with the exception that hours for the St. Turibius site are Monday, Thursday and Friday from 6:30 a.m. – 6:00 p.m. and Tuesday and Wednesday from 6:30 a.m.- 5:30 p.m.

TERM: The term of each new lease Rider for the sites identified on Exhibit A shall commence on July 1, 2015, and end on June 30, 2025, with the exception that the term for the St. Turibius site shall commence on July 1, 2016. Other sSites 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 lease year.

MAINTENANCE, REPAIRS & OTHER IMPROVEMENTS: CPS shall be responsible for all routine maintenance and repairs during its use, including without limitation custodial services, snow plowing and, garbage/recycling, and pest control. In addition, CPS shall be responsible for lead paint and asbestos abatement and remediation as may be required by an Asbestos Management Plan, repair of utility conduits serving the premises, repairs (capital or other) required to maintain the premises in accordance with applicable laws, and certain other remediation expenses which may be imposed upon Tenant. The Landlord shall be responsible for landscaping. The parties shall split all agreed upon joint capital improvements (other than Tenant's Initial Capital Improvements and non-joint tenant additional work, if any) equally, unless otherwise agreed upon. CPS's contributions toward joint capital improvements shall not exceed \$850,000 annually for the entire portfolio; in the first lease year, which cap is increased by 3% annually. Costs for certain remediation obligations imposed upon Tenant and capital improvements required by law are excluded from this cap. Landlord's annual contributions toward joint capital contributions and repairs shall not exceed 1/3 of any particular site's annual rent the annual base rent for that lease year. Either party Both Landlord and Tenant may elect to forego a particular joint 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 (within certain time constraints).

TAXES: If Landlord is assessed real estate taxes on the Premises or Access Areas by a governmental entity as a result of certain contingencies (including without limitation change in applicable law currently in effect as of the commencement date or Tenant's Use or default), then Tenant shall be responsible for paying 100% of such real estate tax assessment resulting therefrom. Tenant may terminate such a site after such assessment, but may still be obligated to pay prior to any effective termination and within certain time constraints.

RIGHT OF FIRST OFFER: The Landlord agrees that if, at any time during the term of a site lease, it desires to sell the a site leased by CPS to a non-Catholic third party (which election is not part of a larger sale including other areas of Landlord's property, the Landlord will first offer to sell the building to CPS or its nominee and Tenant shall have a one-time right of first offer to purchase that site.

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 Administrative Officer or his/her designee to execute any and all ancillary documents related to required to administer or effectuate the lease agreements and any riders for new sites.

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 Charged to fund 11910-230-57705-254903-00000-2018

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.

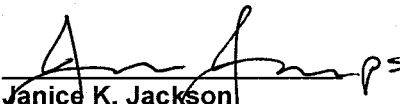
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



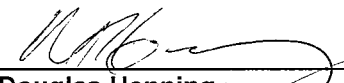
Jorge Macias
Chief Administrative Officer

Approved:



Janice K. Jackson
Chief Executive Officer

 Approved as to legal form:



Douglas Henning
Acting General Counsel

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
1	Ashburn	St. Denis, 8301 S. St. Louis	53,020	\$394,469	0	\$394,469
2	Bridge	St. Priscilla, 7001 W. Addison	41,721	\$310,404	\$108,057	\$418,461
3	Chavez	St. Joseph (Hermitage), 4821 S. Hermitage	21,753	\$161,842	\$25,233	\$187,075
4	Chavez	St. Michael the Archangel, 4821 S. Damen	5,677	\$42,237	\$14,703	\$56,940
5	Clay	St. Columba, 13323 S. Green Bay	9,820	\$73,061	\$25,434	\$98,495
6	Fairfield	St. Rita, 6201 S. Fairfield	65,324	\$486,011	\$169,189	\$655,200
7	Gallistel	St. Francis de Sales Elementary, 10200 S. Ave J	29,728	\$206,527	\$68,579	\$275,106
8	Gallistel	St. Francis de Sales High School, 10155 S. Ewing	14,475	\$107,694	\$35,609	\$143,303
9	Hanson	St. Stanislaus Bishop-Martyr, 2318 N. Lorel	38,130	\$283,587	\$93,800	\$377,387
10	Hedges	St. Michael the Archangel, 1957 W. 48th	10,224	\$76,067	\$26,532	\$102,599
11	North River	Our Lady of Mercy, 4432 N. Troy	45,036	\$335,068	\$44,548	\$379,616
12	Pasteur	St. Camillus, 5426 S. Lockwood	24,504	\$182,310	\$63,465	\$245,775
13	Payton	St. Joseph (Orleans), 1107 N. Orleans	11,937	\$88,811	\$24,241	\$113,052
14	Peace & Education	St. John of God, 1234 W. 52nd	22,378	\$166,492	\$55,050	\$221,542
15	Reilly	St. Wenceslaus, 3425 N. Lawndale	28,725	\$213,714	\$74,398	\$288,112
16	Seward Branch	Holy Cross, 1740 W. 46th	26,913	\$200,233	\$66,205	\$266,438
17	Talman	St. Clare de Montefalco, 5443 S. Washtenaw	31,291	\$232,805	\$81,044	\$313,849
18	Thomas	St. Maurice, 3625 S. Hoyne	14,293	\$106,340	\$37,019	\$143,359
19	Zapatta	Good Shepard, 2719 S. Kolin	23,942	\$178,128	0	\$178,128
Totals:			518,891	\$3,845,800	\$1,013,106.00	\$4,858,906
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)						
Terminated Leases						
	Clay	St. Columba, 13323 S. Green Bay				
	Hedges	St. Michael the Archangel, 1957 W. 48th				
	Pasteur	St. Camillus, 5426 S. Lockwood				
	Payton	St. Joseph (Orleans), 1107 N. Orleans				
	Gallistel	St. Francis de Sales Elementary, 10200 S. Avenue J				
	Gallistel	St. Francis de Sales Elementary, 10155 S. Ewing				
Added Lease						
	Southwest ES	St. Turibius, 4120 W. 57th St.				