

February 26, 2020

**AMEND BOARD REPORT 19-0828-OP1
AMEND BOARD REPORT 19-0522-OP1
APPROVE ENTERING INTO LEASE AGREEMENT WITH
SHOPPING CENTER BF, LLC FOR USE BY PEIRCE ELEMENTARY PRE-K**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a new lease agreement with Shopping Center BF, LLC, for space located at 5300 N. Broadway St., for use by Peirce Elementary Pre-K. 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 120 days of the date of this Board Report.

This August 2019 amended Board Report is to revise the term to reflect a commencement date of September 1, 2019 and continuing through ten (10) years and one (1) month from the rent commencement date. The authority granted herein shall automatically rescind in the event a written lease agreement is not executed within 120 days of the date of this amended Board Report.

This February 2020 amended Board Report is to include additional rent amounts for real estate taxes and common area maintenance and to increase the tenant improvement allowance to compensate Tenant for cost of capital improvements originally to be undertaken by Landlord. The authority granted herein shall automatically rescind in the event a written lease agreement is not executed within 120 days of the date of this amended Board Report.

LANDLORD: SHOPPING CENTER BF, LLC
5300 N. Broadway St.
Chicago, IL 60640
Contact: Joaquin Marquez - JLL
Phone: (312) 785-9555

TENANT: Board of Education of the City of Chicago

LEASED PREMISES: 5300 N. Broadway St., consisting of approximately 8,625 rentable square feet ("RSF"). The space is located in a shopping center with CPS being the largest tenant.

USE: Pre-K space for Peirce Elementary

TERM: The term of the lease shall commence on September 1, 2019, and shall continue through ten (10) years and one (1) month from the rent commencement date. Landlord shall allow the Board access to the Premises on September 1, 2019, to enable Board to install tenant improvements, furniture, fixtures, equipment, and IT/communication infrastructure/conduit. The Board shall have the right to renew the lease for (2) additional five years periods. The Board shall provide Landlord with 9 months prior written notice of its intent to renew.

RENT: Tenant shall pay a base rent of \$20.00 per RSF per year. Base rent will be abated for a period of thirty (30) days from the rent commencement date. Base Rent will increase every year at a rate of 2.25%. The annual base rent is below and shall be payable in equal monthly installments.

Year 1	\$172,500.00
Year 2	\$176,381.25
Year 3	\$180,349.83
Year 4	\$184,407.70
Year 5	\$188,556.87
Year 6	\$192,799.40

Year 7	\$197,137.39
Year 8	\$201,572.98
Year 9	\$206,108.37
Year 10	\$210,745.81

ADDITIONAL RENT: Tenant shall pay Landlord as additional rent its share of actual annual real estate taxes, common area maintenance and insurance expenses. For the first year of the term the additional rent is estimated to be \$10.00 per square foot. The estimated additional rent for the initial 10-year term is \$970,000.00 and shall be payable in equal monthly installments.

OPERATING, MAINTENANCE EXPENSES AND UTILITIES: CPS will pay for its own utilities from lease commencement date. Tenant will maintain in good repair, at Tenant's sole expense the interior and exterior non-structural portions of the building including electrical and plumbing. One-time replacement of the HVAC will be at the Landlord's sole responsibility.

CAPITAL IMPROVEMENTS: Landlord shall provide and install sprinklers into the space, LED exterior signage fabricated and installed by Landlord per mutually agreed upon signage exhibit, provide all structural and related work associated with the truss system and the roof structure and replace façade panel and siding, southern exterior door and plumbing rough-in for 4 Pre-K classrooms.

TENANT IMPROVEMENT ALLOWANCE: Provided tenant is not in default, Landlord shall reimburse Tenant for portion of the cost of Tenant's improvements equal to \$35.00 per square foot plus an additional amount to be negotiated to cover Tenant's cost for the following capital improvements originally to have been undertaken by Landlord: provide and install southern exterior door, plumbing rough-in for 4 Pre-K classrooms, sprinklers and replacement of 2 HVAC units. Reimbursement shall be contingent upon receipt of lien waivers from tenant.

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 agreement. Authorize the President and Secretary to execute the lease agreement. Authorize the Chief Operating Officer to execute any and all ancillary documents related to the lease agreement.

AFFIRMATIVE ACTION: Exempt

LSC REVIEW: Not applicable

FINANCIAL: The estimated total amount to be paid by the Board for the Leased Premises for the term is \$3,570,559.60 ~~\$2,600,559.60~~. Charge to Real Estate Department.

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.

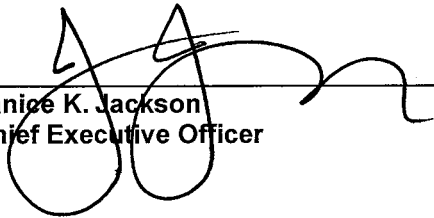
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



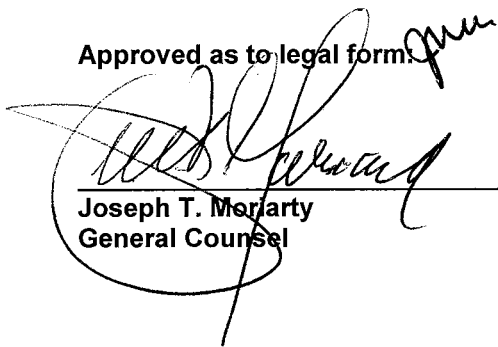
Arnaldo Rivera
Chief Operating Officer

Approved:



Janice K. Jackson
Chief Executive Officer

Approved as to legal form:



Joseph T. Marjary
General Counsel