

December 15, 2021

**AUTHORIZE ENTERING INTO LEASE AGREEMENT WITH  
PENELOPE PLAZA LLC FOR 3349 N. HARLEM AVENUE  
FOR USE AS A PRE-K/EARLY CHILDHOOD CENTER**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Authorize entering into a new lease agreement with Penelope Plaza LLC, for space located at 3349 N. Harlem Avenue, Chicago, Illinois, for use as a Pre-K/Early Childhood Center. 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. Information pertinent to this lease agreement is stated below.

**LANDLORD:** Penelope Plaza LLC  
1118 Thomas More Terrace  
Mount Prospect, IL 60056  
Contact: Anna Sarantopoulos  
Phone: 847-514-9444  
Email: dasaranto@yahoo.com

**TENANT:** Board of Education of the City of Chicago

**LEASED PREMISES:** 3349 N. Harlem Avenue, Chicago, Illinois, 60634; consisting of approximately 6,619 rentable square feet ("RSF"). Additionally, Tenant has use of four (4) designated reserved parking spaces at no additional cost. This space is located in a retail shopping center.

**USE:** The Premises will be used for the operation of classroom space, educational purposes, administrative offices, and incidental purposes.

**TERM:** The lease agreement shall commence upon execution and shall be for a lease term of ten (10) years commencing on the earlier of opening for business or a set date to be negotiated, which date shall not be later than eight (8) months after lease execution (the "Rent Commencement Date"). Landlord shall allow the Board rent free access to the Premises for the period between delivery of possession and the Rent Commencement Date 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.

**EARLY TERMINATION RIGHT:** Tenant shall have the right to terminate the Lease upon the 7<sup>th</sup> year anniversary of the Lease upon giving Landlord at least twelve (12) months prior written notice. If Tenant elects to terminate the Lease early, Tenant shall pay Landlord a termination fee equal to the sum of Landlord's unamortized brokerage commission and Tenant Improvement Allowance, plus six (6) months' Rent.

**RENT:** This is a triple net lease. Tenant shall pay a base rent of \$12.00 per RSF per year. Gross rent will be abated for a period of nine (9) months from the Rent Commencement Date. Base Rent will increase every year during the initial term and any renewals at a rate of 2.00%. The annual base rent is below and shall be payable in equal monthly installments.

Lease Year	Annual Base Rent	Monthly Base Rent
1	\$79,428.00*	\$6,619.00
2	\$81,016.56	\$6,751.38
3	\$82,636.89	\$6,886.41
4	\$84,289.63	\$7,024.14
5	\$85,975.42	\$7,164.62

6	\$87,694.93	\$7,307.91
7	\$89,448.83	\$7,454.07
8	\$91,237.81	\$7,603.15
9	\$93,062.56	\$7,755.21
10	\$94,923.81	\$7,910.32

\*Rent is abated for nine (9) months from the Rent Commencement Date so base rent for the first lease year will be \$19,857.00. The total base rent for the lease term shall not exceed \$810,143.44.

**ADDITIONAL RENT:** Tenant shall pay Landlord as additional rent its proportionate share of actual annual real estate taxes, common area maintenance and insurance expenses. For the first year of the lease term the additional rent is estimated to be \$9.00 per square foot. The estimated additional rent for the initial 10-year term is \$670,504 and shall be payable in equal monthly installments.

**OPERATING, MAINTENANCE EXPENSES AND UTILITIES:** Tenant shall pay for its own utilities from the date of possession. Landlord shall be responsible for maintenance, repairs, and replacement of the structural components of the building (roof, exterior walls, structural supports of the building and building systems) and for all common areas of the property, including snow removal and landscaping. Landlord shall also maintain the parking lot under the lease as part of its maintenance responsibilities and, at its own cost, is responsible for resealing, striping, and repairing (filling of potholes, resurfacing, etc). Tenant shall be responsible for utilities and all repairs and maintenance to the Premises, including HVAC.

**TENANT IMPROVEMENT ALLOWANCE:** Provided tenant is not in default, Landlord shall reimburse Tenant for a portion of the cost of Tenant's improvements equal to \$15.00 per square foot plus an additional \$15,000.00 to cover Tenant's cost for the replacement of HVAC units; the total Tenant Improvement Allowance is \$114,285.00. 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 and Director of Real Estate 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 \$1,480,647.44. 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.

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:**

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*Lindy F. McGuire*  
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**Lindy F. McGuire**  
Interim Chief Operating Officer

**Approved:**

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*Pedro Martinez*  
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**Pedro Martinez**  
Chief Executive Officer

Approved as to legal form: 

DocuSigned by:  
*Joseph T. Moriarty*  
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**Joseph T. Moriarty**  
General Counsel

