

July 27, 2022

**APPROVE ENTERING INTO A NEW SUBLEASE AGREEMENT FOR SPACE LOCATED
AT 2727 N. LINCOLN AVENUE FOR USE AS A PRE-K/EARLY CHILDHOOD CENTER**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize entering into a new sublease agreement with PNW Enterprises, LLC for space located at 2727 N. Lincoln Avenue, Chicago, Illinois, owned by 2700 Halsted Building, LLC, for use as a Pre-K/Early Childhood Center. A written sublease agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written sublease agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this lease agreement is stated below.

OWNER: 2700 Halsted Building, LLC
c/o: Wrightwood Developments, Inc.
1332 N. Halsted Street, Suite 101
Chicago, IL 60642
Matthew Brown
Phone: 312-204-9944
Email: matt@wrightwood-dev.com

SUBLESSOR: PNW Enterprises, LLC
c/o New York Kids Club
15 W. 36th Street, 9th Floor
New York, New York 10018
Attention: Shelby D'Angelo
Email: dangelo.s@nykidsclub.com

TENANT: Board of Education of the City of Chicago

LEASED PREMISES: 2727 N. Lincoln Avenue, First Floor and Basement, Chicago, Illinois, 60614; consisting of approximately 6,000 rentable square feet ("RSF"). Additionally, Tenant has use of thirteen (13) designated reserved parking spaces at no additional cost. This space is located in a two-story commercial building.

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 six (6) months commencing on the earlier of opening for business or a set date to be negotiated, which date shall not be later than one (1) month after lease execution (the "Rent Commencement Date"). Sublessor 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 one (1) additional six-month period. The Board shall provide Sublessor with 60 days prior written notice of its intent to renew.

EARLY TERMINATION RIGHT: None

RENT: This is a triple net lease. Tenant shall pay a base rent of \$16,500 per month. The annual base rent is below and shall be payable in equal monthly installments. Rent payments may be made directly to the Owner.

Lease Term	Base Rent for Term	Monthly Base Rent
6 months	\$99,000.00	\$16,500.00

ADDITIONAL RENT: Tenant shall pay Owner or Sublessor as additional rent its proportionate share of actual annual real estate taxes, common area maintenance and insurance expenses. For the lease term the additional rent is estimated to be \$5,952.26 per month. The estimated additional rent for the initial six-month term is \$35,713.56 and shall be payable in equal monthly installments.

OPERATING, MAINTENANCE EXPENSES AND UTILITIES: Tenant shall reimburse for its utilities from the date of possession. Monthly operating, maintenance expenses and utility costs are estimated to be \$3,498.82. Sublessor 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. Sublessor 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 snow removal and all repairs and maintenance to the Premises, including HVAC.

TENANT IMPROVEMENT ALLOWANCE: None.

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 sublease agreement. Authorize the President and Secretary to execute the sublease agreement. Authorize the Chief Operating Officer and Director of Real Estate to execute any and all ancillary documents related to the sublease 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 \$155,706.48. 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:

DocuSigned by:
Charles Mayfield
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Charles E. Mayfield
Acting Chief Operating Officer

Approved:

DocuSigned by:
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