

**AMEND BOARD REPORT 21-0324-OP2**

**APPROVE ENTERING INTO LEASE AGREEMENT WITH**

**FOR USE AS A PRE-K/EARLY CHILDHOOD CENTER**

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

Approve entering into a new lease agreement with Hemingway Associates, LLC for space located at 1840 N. Clark Street, Chicago, Illinois, for use as a Pre-K/Early Childhood Center. A written lease agreement is not executed within 120 days of the date of this Board Report.

This agreement is not to be revised. This 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: HEMINGWAY ASSOCIATES, LLC**  
 c/o Jerome H. Meyer & Co., agent for Hemingway Associates, LLC  
 640 N. LaSalle Street, Suite 605  
 Chicago, IL 60654  
 Contact: Jerome Meyer  
 Phone: (312) 944-2700, Ext. 230

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

**LEASED PREMISES:** 1840 N. Clark Street, consisting of approximately 17,000 sq. ft.

of RSE. Included in the rent, landlord will also provide for (10) years of exclusive use.

**USE:** Pre-K/Early Childhood Center space

**TERM:** The lease agreement shall commence upon execution and shall be for a term of ten (10) operating

furniture, fixtures, equipment, and communication infrastructure. The Board shall have the right to renew the lease for (4) additional two year periods. The Board shall provide for (10) years of exclusive use.

**RENT:** Tenant shall pay a base rent of \$33.00 per RSE per year. Base rent will be abated for a period of eight (8) months from the Rent Commencement Date. Base Rent will increase over the term and upon renewal term at a rate of 0.00%. The annual base rent shall be payable in monthly installments.

PRIMARY TERM:	ANNUAL BASE RENT:	MONTHLY BASE RENT:
1st Operating Year	\$587,664*	\$48,972
2nd Operating Year	\$599,418	\$49,952
3rd Operating Year	\$611,400	\$50,950
4th Operating Year	\$623,634	\$51,970
5th Operating Year	\$636,107	\$53,009
6th Operating Year	\$648,829	\$54,070

8th Operating Year	\$675,042	\$56,254
9th Operating Year	\$688,543	\$57,379
10th Operating Year	\$702,313	\$58,527

\* Rent is abated for the first eight (8) months so rent for first operating year will be \$105,000

**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 \$16.40 per square foot. The estimated additional rent for the initial 10 year term is \$2,605,370.00 and shall be payable in equal monthly installments.

**OPERATING, MAINTENANCE EXPENSES AND UTILITIES:** CPS will pay for its own utilities from lease commencing date. Tenant will maintain in good repair at Tenant's sole expense the interior and non-structural portions of the building including electrical and plumbing.

**TENANT IMPROVEMENT ALLOWANCE:** Provided the Tenant is not in default, Landlord shall reimburse Tenant in an amount equal to the lesser of the actual cost of Tenant's hard costs directly relating to Tenant's work or Tenant's Allowance in an amount not to exceed \$1,691,760.00. Reimbursement shall be contingent upon receipt of lien waivers from Tenant.

**LIEN WAIVER:** Provided the Tenant is not in default, Landlord shall reimburse Tenant in an amount equal to the lesser of the actual cost of Tenant's hard costs directly relating to Tenant's work or Tenant's Allowance in an amount not to exceed \$1,691,760.00. Reimbursement shall be contingent upon receipt of lien waivers from Tenant.

**INSURANCE/INDEMNIFICATION:** Award all insurance and indemnification to be covered by Tenant's General Liability.

**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 \$9,648,356.00. Charge to Real Estate Department.

**GENERAL CONDITIONS:**

Inspector General. Each party to the agreement shall acknowledge that, in accordance with 105 II CS investigations and that the Inspector General shall have access to all information and personnel necessary to conduct these investigations.

**Conflicts –** The agreement shall not be legally binding on the Board if entered into in violation of the 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, 2006 (06-0006-BOB) 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.

Approved for Consideration:

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*Lindy F. McGuire*  
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Approved:

DocuSigned by:  
*Jose M. Torres*  
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José M. Torres, PhD  
Interim Chief Executive Officer

Approved as to legal form:

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*J. Moriarty*

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