

**AUTHORIZE ENTERING INTO LEASE AGREEMENT WITH
DEMI INVESTMENTS, LLC FOR 5320-5330 & 5314-5316 W. DEVON 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 Demi Investments, LLC, for space located at 5320-5330 and 5314-5316 W. Devon 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.

LANDLORD: DEMI INVESTMENTS, LLC
c/o Reliable Property Management, LLC
6151 N. Milwaukee Avenue, 1st Floor
Chicago, IL 60646
Contact: Valdir Barion
Phone: (847) 518-8100

TENANT: Board of Education of the City of Chicago

LEASED PREMISES: 5320-5330 W. Devon Avenue (building) and 5314-5316 W. Devon Avenue (parking lot), Chicago, Illinois; consisting of approximately 13,900 rentable square feet ("RSF") plus approximately 6,000 square feet for the parking lot located at 5314-16 W. Devon Ave in Chicago, Illinois. Tenant will be the sole occupant.

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 August 1, 2022 (the "Commencement Date"). Landlord shall allow the Board possession of the Premises no later than February 1, 2022, 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: This is a triple net lease. Tenant shall pay a base rent of \$31.00 per RSF per year. The parking lot is included in quoted rental rate for the Premises in the building at no additional cost. Gross rent will be abated for a period of eight (8) months commencing from February 1, 2022. Base rent will increase every year at a rate of 3.00%. The annual base rent is below and shall be payable in equal monthly installments.

Lease Year	Annual Base Rent	Monthly Base Rent
First Year	\$430,900.00*	\$35,908.33
Second Year	\$443,827.00	\$36,985.58
Third Year	\$457,171.00	\$38,097.58
Fourth Year	\$470,932.00	\$39,244.33
Fifth Year	\$484,971.00	\$40,414.25
Sixth Year	\$499,566.00	\$41,630.50
Seventh Year	\$514,578.00	\$42,881.50
Eighth Year	\$530,007.00	\$44,167.25
Ninth Year	\$545,853.00	\$45,487.75
Tenth Year	\$562,255.00	\$46,854.58

* Rent is abated for eight (8) months from February 1, 2022 so rent for first lease year will be \$359,083.30 for ten (10) months. The total base rent for the lease term is \$4,868,243.30.

ADDITIONAL RENT: Tenant is responsible for insurance, operating expenses, common area maintenance and real estate taxes. Tenant shall pay a portion of these costs directly or pay Landlord as additional rent actual annual real estate taxes and operating expenses. The estimated additional rent for the initial 10-year term is \$706,212.00 and shall be payable in equal monthly installments.

OPERATING, MAINTENANCE EXPENSES AND UTILITIES: CPS will pay for its own utilities from the date of possession. Landlord will be responsible for maintenance, repairs, and replacement of the structural components (roof, exterior walls, structural supports of the building. Tenant will maintain and repair the parking lot (i.e.: striping, filling of potholes, resurfacing, etc.). Tenant will be responsible for all repairs, replacements, and maintenance to the Premises.

TENANT IMPROVEMENT ALLOWANCE: Provided tenant is not in default, Landlord shall reimburse Tenant for portion of the cost of Tenant's improvements equal to \$20.00 per square foot. 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 \$5,574,455.30. 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:

DocuSigned by:
Pedro Martinez
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Pedro Martinez
Chief Executive Officer

Approved as to legal form: 

DocuSigned by:
Joseph Moriarty
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Joseph T. Moriarty
General Counsel