

March 23, 2022

AMEND BOARD REPORT 18-0926-OP1
APPROVE ENTERING INTO LEASE AGREEMENT WITH
CHICAGO TRANSIT AUTHORITY FOR ADDITIONAL OFFICES FOR THE INSPECTOR GENERAL

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into a new lease agreement with the Chicago Transit Authority ("CTA") for space located at 567 W. Lake St. for use by the Office of the Inspector General ("OIG"). 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 March 2022 amended Board report is necessary to expand the leased space by an additional approximately 6,185 square feet for use by the OIG and to increase the authorized amount for additional rent, buildout and relocation expenses. An amendment to the lease agreement is required. The authority granted herein shall automatically rescind in the event a written amendment to the lease is not executed within 120 days of the date of this Board Report.

LANDLORD: Chicago Transit Authority c/o Jones Lang LaSalle
 567 W. Lake St., 2nd Floor
 Chicago, IL 60661
 Contact: Brian Carroll (JLL)
 Phone: (312) 228-3312

TENANT: Board of Education of the City of Chicago

LEASED PREMISES: 567 W. Lake St., 11th Floor, consisting of approximately an initial 5,067 rentable square feet ("RSF") and an additional 6,185 RSF on the 10th Floor as of the effective date of the amendment, for a total of 11,252 RSF. The initial 5,067 RSF space is adjacent to Suite 1120, currently occupied by the OIG. The Lease includes existing office furniture, fixtures and cabinetry located in the Leased Premises. The office furniture, including partitions, may be reconfigured to accommodate Tenant needs.

USE: Administrative space for the OIG.

TERM: The term of the lease shall commence on November 1, 2018, and shall end December 31, 2022 (50 months) to be coterminous with the Suite 1120 lease. Landlord shall allow the Board access to the Premises on October 1, 2018, one month before the Lease Commencement date, to enable Board to install tenant improvements, furniture, fixtures, equipment, and IT/communication infrastructure/conduit. The lease may be renewed for an additional five years period. The Board shall provide Landlord with 12 months prior written notice of its intent to renew.

RENT: Tenant shall pay a base rent of \$25.00 per RSF per year. Base rent will be abated for the month of November 2018. Base Rent will increase every year at \$.50 per RSF. The annual base rent is below and shall be payable in equal monthly installments.

Year One - \$126,675

Year Two - \$129,208.50

Year Three - \$131,742

Year Four - ~~\$134,275.50~~ \$243,547.50

EARLY TERMINATION: No early termination clause will exist for this lease.

OPERATING, MAINTENANCE EXPENSES AND UTILITIES: Tenant will also pay its proportionate share of operating and maintenance (O & M) expenses. O & M includes janitorial and maintenance services, heat, water, sewer and air conditioning. Actual O & M expenses for 2017 were \$6.52 per RSF. O & M expenses for 2018 are estimated at \$6.58 per RSF.

Electrical service will be sub-metered and charged to Tenant based on its actual usage. Electrical costs are estimated at \$0.57 per RSF. For budgetary purposes electrical service fees and O & M expenses are estimated to increase at a rate of 3% per year.

CAPITAL IMPROVEMENTS: The Board shall be responsible for all capital improvements to the Premises. Such improvements may be made only upon prior approval by Landlord. For the additional space, the Landlord shall provide buildout of the premises and corridor at Tenant's cost and expense in addition to relocation costs for current occupants of the space at a cost of \$440,427.

BUILDING SECURITY: ID badges will be issued to Tenant's employees. Building access is granted through a cardreader-controlled security turnstile in the lobby, staffed 24 hours a day.

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 and amendment. Authorize the President and Secretary to execute the lease agreement and amendment. 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 November 1, 2018 through December 31, 2022 is \$1,264,770.50 ~~\$715,071.50~~.

Charge to Office of the Inspector General:

FISCAL YEAR		AMOUNT
November 1, 2018 – June 30, 2019	FY 19	\$121,313.00
Budget Classification: <u>Unit 10320</u>		
<u>Fund 115</u>		
July 1, 2019 – June 30, 2020	FY 20	\$165,352.50
Budget Classification: <u>Unit 10320</u>		
<u>Fund 115</u>		
July 1, 2020 – June 30, 2021	FY 21	\$168,716.75
Budget Classification: <u>Unit 10320</u>		
<u>Fund 115</u>		
July 1, 2021 – June 30, 2022	FY 22	\$172,089.25 <u>\$199,407.25</u>
Budget Classification: <u>Unit 10320</u>		
<u>Fund 115</u>		
July 1, 2022 – December 31, 2022	FY 23	\$87,600 <u>\$609,981</u>
Budget Classification: <u>Unit 10320</u>		
<u>Fund 115</u>		

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
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