

This Agreement will be posted on the CPS website.

SUBLEASE AGREEMENT FOR SPACE AT
2727 N. LINCOLN AVENUE, CHICAGO, ILLINOIS

THIS SUBLEASE AGREEMENT ("Sublease") is made as of July 29, 2022 ("Effective Date") between **PNW ENTERPRISES, LLC** ("Sublessor") and the **BOARD OF EDUCATION OF THE CITY OF CHICAGO**, a body politic and corporate ("Sublessee").

RECITALS:

A. 2700 Halsted Building LLC ("Owner") is the owner of certain real estate located at 2727 N. Lincoln Avenue, Chicago, Illinois, which is improved with a building ("Building").

B. As of March 15, 2017, Owner, through its agent, Wrightwood Developments, Inc. ("Agent") and NYKC Subsidiary Holdings, LLC ("Original Tenant") entered into that certain Commercial Space Lease ("Original Lease") pursuant to which Owner rented the space consisting of approximately 6,000 rentable square feet on the first floor of the Building ("Leased Premises") to the Original Tenant for a pre-school education center and educational instruction purposes. The Leased Premises also includes the unimproved basement storage space located thereunder and a portion of the Parking Lot at no additional charge to Tenant. The Owner and Agent are referred to as "Landlord".

C. As of May 30, 2019, the Landlord and Original Tenant ("Assignor") and PNW Enterprises LLC ("Assignee" and the Sublessor hereunder) entered into a Lease Amendment and Assignment ("Amendment and Assignment") assigning Assignor's right, title and interest in the Leased Premises to the Assignee provided that Assignor remains fully liable under the Original Lease. As of April 28, 2020, Landlord, Assignor and Assignee entered into a Lease Addendum to the Original Lease ("Addendum") with respect to rent adjustments in light of the Coronavirus crisis and certain payment deferrals. Subsequently, as of May 21, 2021, the Landlord, Assignor and Assignee entered into a Second Lease Addendum ("Second Addendum") with respect to additional rent adjustments and payment terms. The Original Lease, Amendment and Assignment, Addendum and Second Addendum shall hereinafter be referred to collectively as the "Lease."

D. Sublessor desires to sublet the Leased Premises and eleven (11) parking spaces in the Parking Lot ("Subleased Premises") to Sublessee; Sublessee desires to sublet the Subleased Premises in accordance with the terms and conditions of this Sublease. If the eleven parking spaces are not regularly available to Sublessee due to use by other tenants or community members, Sublessor agrees to designate the eleven parking spaces and permit signage to be installed indicating that parking is reserved for Chicago Public Schools parking during regular school hours. In such a case, which spaces are assigned to CPS is subject to landlord approval, and the accessible space shall remain unassigned.

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein as though set forth in full, and for other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **TERM; OPTION TO EXTEND**. Sublessor hereby sublets the Subleased Premises to Sublessee for a six-month term commencing on August 1, 2022, and ending January 31, 2023 ("Term"). Sublessee shall have the option to extend the Sublease for one (1) additional six-month period. Sublessee shall provide Sublessor with sixty (60) days prior written notice of its intent to renew.

2. **USE**. Sublessee intends to use the Subleased Premises as an early childhood education center and

other educational and related administrative purposes (the "Use"). Sublessor represents and warrants to Sublessee that the Use is in accordance with the terms of the Lease.

3. **RENT.** In consideration of subletting the Subleased Premises as set forth above, Sublessee covenants and agrees to pay rent in the amount of Sixteen Thousand Five Hundred Dollars (\$16,500.00) ("Rent") monthly in advance on the first Friday of the month; the total base rent for the Term is Ninety-Nine Thousand Dollars (\$99,000). Rent payments, including the additional rent described below, is payable to the Owner, 2700 Halsted Building LLC at 1332 N. Halsted Street, Suite 101, Chicago, Illinois 60642, or such other address provided to Sublessee in writing. At Sublessee's option, payment may be made to Owner via ACH.

4. **ADDITIONAL RENT.** In addition to the Rent as set forth above, Sublessee shall pay each month as additional rent its Pro Rata Share of the Operating Expenses incurred during the Term. Operating Expenses are comprised of the Building insurance (50%) and real estate taxes (66.67%). Payment of the additional rent shall be made to the Owner as set forth above. The Operating Expenses are estimated to be \$5,952.26 per month.

5. **UTILITIES.** Water, electric and sewer services are provided by the Owner; Sublessee shall pay Owner 50% of the charges for water and sewer and the actual cost for electricity as measured by an existing submeter. Sublessee shall be responsible for the direct payment for gas, pest control and refuse services during the Term. Sublessor shall provide telephone, fire protection and security monitoring services. The actual cost of these services shall be billed monthly through the Owner; payments for these services shall be made to the Owner upon invoicing. Sublessor shall provide copies of the underlying invoices for these pass-through services.

6. **FURNITURE, FIXTURE AND EQUIPMENT (FF&E).** Sublessee shall have use of the existing wired cubicle systems, desks, chairs, furniture, filing cabinets, bookshelves, white boards, kitchen appliances, networking systems, and phone handsets and phone system that currently exist in the Subleased Premises throughout the Term of this Sublease at no additional cost to Sublessee, other than as expressly provided herein. Sublessor shall provide a list of furnishings, fixtures and equipment, which list shall be signed by both parties and deemed incorporated into this Agreement with the same effect as if attached as an exhibit hereto. In the event such a list is not signed by both parties, Sublessee shall have the right to use all such FF&E which remain in the Subleased Premise at the time of possession by Sublessee. Sublessee accepts such FF&E in its "as is" condition and Sublessor makes no warranty as to the condition of the FF&E. At termination of this Sublease shall deliver same back to Sublessor in the same condition as received, ordinary wear and tear excepted. Sublessee shall be liable for any damage to the FF&E and responsible for all costs associated with the maintenance, cleaning and repair of the FF&E. Sublessor consents to Sublessee's utilization of the existing security equipment, at Sublessee's cost and expense. Sublessor shall notify the security company of such consent and cooperate with Sublessee to coordinate such utilization. In addition to the FF&E, Sublessor has agreed to provide certain consumables in the Subleased Premises, such as art supplies and manipulatives, to Sublessor at a cost of Two Thousand Dollars (\$2,000). Payment for such consumables shall be invoiced by and paid to the Owner.

7. **SIGNS.** Sublessee may place signs on or about the Subleased Premises in compliance with Section 20.14 of the Lease. All signs shall be at Sublessee's sole cost and shall comply with all local, federal and state rules, regulations, statutes, and ordinances at all times during the term hereof. Sublessee, at Sublessee's cost, shall remove all such signs and graphics prior to the termination of this Sublease and repair any damage caused by such removal. Sublessor shall, at its expense, remove its signs on the Subleased Premises prior to the commencement date of this Sublease.

8. **NOTICE OF EVENT OF DEFAULT UNDER LEASE.** Landlord and Sublessor shall notify Sublessee of any Event of Default under the Lease, or of any other event which will impair Sublessee's

ability to conduct its normal business at the Subleased Premises. Sublessor shall cure the breach or violation within the time permitted in the Lease to prevent the Lease from being terminated. Sublessee shall have the right, but not the obligation, to cure the Default to maintain the Lease from being terminated during the term of this Sublease as described in Section 11 below,

9. **SUBLESSEE'S EARLY OCCUPANCY OF THE SUBLEASED PREMISES**. If Sublessee, with Sublessor's consent, takes possession prior to the commencement date, Sublessee shall do so, subject to all the covenants and conditions hereof, and Sublessee shall not be required to pay Rent for such early possession prior to the commencement date.

10. **POSSESSION**. Except as otherwise expressly provided herein, Sublessor shall deliver vacant, broom clean possession of the Subleased Premises to Sublessee with the operating systems in good working condition, including but not limited to, HVAC, electrical, plumbing and lighting. Any furniture, equipment, fixtures or other items of personal property that the Sublessor does not remove from the Subleased Premises, other than those items described in Section 6 above, may be removed by the Sublessee, at its option, and such property shall be deemed abandoned or Sublessee may treat such property as having been conveyed to the Sublessee, with this Sublease as a Bill of Sale, without further payment or credit by Sublessor to Sublessee. The Subleased Premises are to be delivered to Sublessee in compliance with all environmental and fire code requirements and in compliance with all applicable laws and Sublessor is responsible for any conditions existing as of the date of possession.

11. **LEASE**. Sublessee has had an opportunity to review the Lease and Sublessee, although not a party to the Lease, is bound by the terms of the Lease, and this Sublease is subject to the terms of the Lease, provided that Sublessee is not responsible for nor does it have any obligation to perform Sublessor's duties or obligations under the Lease or any amendment thereto unless expressly stated herein; (ii) Sublessee intends and acknowledges that this Sublease shall be subordinate at all times to: (a) any future mortgage on the Property or the leasehold estate of Sublessor; (b) any future modification of the Lease; and (c) Sublessor shall not be liable for any breach of the Lease by Owner. Notwithstanding the foregoing, in the event there is a breach of the Lease between Owner and Sublessor, Sublessee's sole obligation will be to pay the rent due under this Sublease. If there is a dispute as to who is to receive the rent, Sublessee may deposit the rent into an escrow account where it shall remain until there is a joint direction from the Owner and Sublessor or a court order identifying the proper party to receive the rent. Sublessee shall not be in default under this Sublease, nor shall it be subject to penalty if it deposits the rent due into escrow when due.

12. **MAINTENANCE**. Sublessee shall keep and maintain the interior of the Subleased Premises, including the windows on the interior and exterior of the Subleased Premises, clean and sanitary and in good repair. Sublessee shall promptly remove any debris left by Sublessee, its employees, agents, contractors, or invitees around the exterior areas of the Building and property. Sublessee shall provide and pay for its own extermination and refuse removal services and be responsible for snow removal on the public sidewalk in front of the Subleased Premises and the Parking Lot. Sublessee shall not be responsible for maintaining or repairing the Parking Lot. Sublessor represents that the HVAC is in good working order. Sublessee shall be responsible for the operation, maintenance and repair of the HVAC systems serving the Subleased Premises. Sublessee shall have no obligation to replace the HVAC system.

13. **COMMON AREAS**. Sublessee shall have the right to use the common areas of the Building as described in the Lease in common with other occupants of the Building and subject to such reasonable rules and regulations as are set forth by Owner from time to time for the use of such common areas. Sublessee shall not be responsible for the cleaning, repairing and maintenance of the common areas of the Building.

14. **SUBLESSOR COVENANTS.** Throughout the Term and in accordance with the Lease, Sublessor covenants to obtain the performance by Landlord of its obligations under the Lease and to the extent provided in the Lease to ensure the following:

- A. The provision of heat, water, and electricity necessary for the use and occupancy of the Subleased Premises;
- B. the provision of any maintenance, repairs and replacements of the Building/Real Estate or the Sublet Premises. Sublessor agrees the Building, including the Subleased Premises, shall be maintained and the Subleased Premises in good and tenable condition and repair during the Term and the basement maintained in a dry or leak-proof condition;
- C. the provision of any maintenance, replacement, or repairs of the facilities, fixtures and equipment providing hot and cold running water, drinking water and toilet services. All of the foregoing shall be maintained in good operating order and in a safe, healthful and clean condition; and
- D. at all times, to comply with all applicable municipal, county, state and federal ordinances, laws, rules, statutes, codes and regulations pertaining to the repair, maintenance, and operation of the Premises. Sublessor agrees, to the extent allowed by the Lease, that the Sublessee has the right to inspect, sample and analyze the materials, systems and structures in the Subleased Premises as required by the United States Environmental Protection Agency, the Illinois Environmental Protection Agency, the Chicago Department of Health, or any other municipal or Chicago Board of Education entity charged with establishing and policing occupational or educational health and safety standards, or as necessary to determine compliance of the Subleased Premises with standards or guidelines established by any of the foregoing.

15. **ALTERATIONS.** With the prior written approval of the Owner and Sublessor, Sublessee may make improvements ("Alterations") to the Subleased Premises which are necessary for the Use.

16. **SURRENDER.** Sublessee shall keep the Subleased Premises in at least the same condition it was received from Sublessor, ordinary wear and tear excepted. Sublessee shall surrender the Subleased Premises in the same condition as received, ordinary wear and tear excepted, provided Sublessee performs all necessary maintenance, repair and cleaning to maintain the Subleased Premises in the condition it was delivered at the commencement date. Sublessee shall promptly repair any damage to the Subleased Premises caused by the Sublessee, its invitees, agents, contractors, or employees.

17. **QUIET ENJOYMENT.** Notwithstanding any alleged past or future default of the Lease by the Sublessor, so long as Sublessee is not in default under this Sublease, Sublessee's quiet and peaceable enjoyment of the Subleased Premises shall not be disturbed or interfered with by Sublessor or by any person claiming by, through or under Sublessor.

18. **INDEMNIFICATION.**

- A. Sublessee hereby agrees to indemnify and hold the Sublessor harmless from any liability, claim or demand (including court costs and reasonable attorneys' fees), incurred by Sublessor as a result of Sublessee's actions on or about the Premises,

limited, however, to only such liabilities, claims or demands which arise or are caused by Sublessee's negligent acts, errors and/or omissions.

- B. Sublessor hereby agrees to indemnify and hold the Sublessee harmless from any liability, claim or demand (including court costs and reasonable attorneys' fees), incurred by Sublessee as a result of Sublessor's actions on or about the Premises, limited, however, to only such liabilities, claims or demand which arise or are caused by Sublessor's negligent acts, errors and/or omissions.

19. **INSURANCE.** During the Term, the Sublessee, at its cost and expense, shall self-insure or carry and maintain the following types of insurance with respect to the Premises with insurance companies reasonably satisfactory to the Sublessor:

- A. **Commercial General Liability Insurance.** Commercial General Liability Insurance or equivalent with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate for bodily injury, personal injury and property damage liability.
- B. **Automobile Liability Insurance.** Automobile Liability Insurance when any motor vehicle (whether owned, non-owned or hired) is used in connection with this Lease, with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.
- C. **Workers' Compensation and Employers' Liability.** The Sublessee is self-insured for all Workers' Compensation exposures.

The policies shall name Landlord and Sublessor as an additional insured and shall contain a clause that the insurer will not cancel or change the insurance without first giving Sublessor and Landlord at least thirty (30) day's prior written notice. Said insurance shall be in form, and carried with responsible companies, reasonably satisfactory to Sublessor. The policy or a duly executed certificate for the same (which shall be binding on the insurer and evidence the insurer's waiver of subrogation) together with satisfactory evidence of the payment of the premium thereon, shall be deposited with Sublessor and Landlord upon request and shall provide thirty (30) days' notice to the Landlord and Sublessor prior to cancellation, material change, or non-renewal thereof.

With respect to the waiver of subrogation contained in the Lease, such waiver shall be deemed to be modified to constitute an agreement by and among Landlord, Sublessor and Sublessee. Landlord's consent to this Sublease shall be deemed to constitute its approval of this modification.

20. **PRECONDITION.** The Lease requires that Sublessor obtain the consent of Landlord to any subletting by Sublessor. This Sublease shall not be effective unless and until Landlord signs the consent below to this subletting by Sublessor to Sublessee.

21. **NOTICES.** All notices and other communications given pursuant to this Sublease shall be in writing and shall be deemed properly served and effective: (i) as of the day of delivery if delivered in person, by messenger, overnight delivery service or a party's attorney or agent, or (ii) on the third (3rd) day after deposit in the U.S. mail as registered or certified mail, return receipt requested, postage prepaid. All notices shall be addressed as follows:

If to Sublessee: Chicago Board of Education
42 W. Madison Street, 2nd Floor

Chicago, Illinois 60602
Attn: Director of Real Estate
Facsimile: (773) 553-4305

With copies to: General Counsel
Chicago Board of Education
1 N. Dearborn Street, 9th Floor
Chicago, Illinois 60602
Facsimile: (773) 553-1702
Email: jtmoriarty@cps.edu

If to 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

If to Landlord: 2700 Halsted Building LLC
c/o Wrightwood Development, Inc.
1332 N. Halsted Street, Suite 101
Chicago, Illinois 60642
Attention: Matthew Brown
Email: matt@wrightwood-dey.com

Either party may from time to time change the names and addresses furnished for notice hereunder by giving written notice of said change to the other party in accordance with the notice provisions set forth above.

22. **SUBLESSEE DEFAULT.** The occurrence of any of the following shall constitute a material breach of this Sublease and a default by Sublessee: (i) failure to pay Rent or any other amount due under this Sublease within five (5) business days after due; and (ii) Sublessee's failure to timely perform, and subject to any cure periods, any other material provision of this Sublease after thirty (30) days written notice from the Sublessor. If Sublessee does not cure the default within the time provided, then after ten days written notice to Sublessee Sublessor shall have the right to terminate this Sublease and to possession of the Subleased Premises. Landlord and Sublessor shall not forcibly evict or dispossess Sublessee without a Court Order.

23. **PARAGRAPH HEADINGS.** The paragraph headings appearing in this Sublease have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit, or extend the scope of intent of the paragraph to which they pertain.

24. **AUTHORITY.** The individual officers, agents, and employees of the parties hereto who execute this Sublease do hereby individually represent and warrant that they have full power and lawful authority to execute this Sublease and perform the transactions contemplated hereunder, on behalf of and in the name of their respective principals and/or employers.

25. **CONFLICT OF INTEREST.** This Sublease is not legally binding on the Sublessee 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.

26. **INDEBTEDNESS**. Sublessor agrees to comply with the Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as may be amended from time to time, which policy is hereby incorporated by reference as if fully set forth herein.

27. **CONTINGENT LIABILITY**. The School Code of Illinois prohibits the incurring of any liability unless an appropriation has been previously made. Accordingly, the Sublessor agrees that any expenditures beyond the Sublessee's then current fiscal year are deemed to be contingent liabilities only, subject to appropriation in subsequent fiscal year budget (s).

28. **INSPECTOR GENERAL**. Each party to this Lease hereby acknowledges 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.

29. **ETHICS**. The Sublessee's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, is incorporated into and made part of this Lease.

30. **ENTIRE AGREEMENT**. This Sublease sets forth the entire agreement between the parties and there have been no additional oral or written representations or agreements with respect of the matters set forth herein.

31. **COUNTERPARTS, DIGITAL SIGNATURES AND FACSIMILES**. This Sublease may be executed in any number of counterparts and with digital signatures (DocuSign), each of which shall be deemed to be an original, but all of which together shall constitute but one document. Original and digital signatures delivered by facsimile or electronic means shall be considered binding on both parties.

Rest of this page left intentionally blank.

Signature page follows.


IN WITNESS WHEREOF, the parties have set their hands and seals as the first date written above.

SUBLESSOR:

PNW ENTERPRISES, LLC


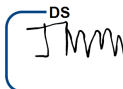
By: 
Title: CEO

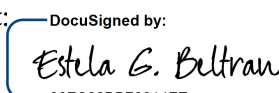
Date: 07/30/22

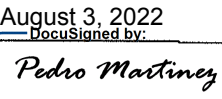
Attest: 
By:
Title: Director of Talent
Date: 07/30/22

SUBLESSEE:

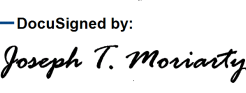
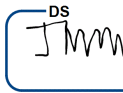
BOARD OF EDUCATION OF THE CITY OF CHICAGO

DocuSigned by:  ^{DS} 
By: Miguel del Valle
Miguel del Valle
President

Attest: DocuSigned by: 
By: Estela G. Beltran
Estela G. Beltran
Secretary

Date: August 3, 2022
DocuSigned by: 
By: Pedro Martinez
Pedro Martinez
Chief Executive Officer


Approved as to legal form:

DocuSigned by:  ^{DS} 
By: Joseph T. Moriarty
Joseph T. Moriarty
General Counsel

Board Report No: 22-0727-OP1

Landlord's Consent to Sublease

Landlord and Owner:
2700 Halsted Building, LLC,
An Illinois limited liability company

By: 
Name: Matthew Brown
Its: Manager
Date: July 29, 2022