

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into this 27th day of Apr. / 2001, by and between THE UNIVERSITY OF CHICAGO CHARTER SCHOOL CORPORATION, an Illinois not-for-profit corporation ("Tenant") and the BOARD OF EDUCATION OF THE CITY OF CHICAGO (the "Board"), a body politic and corporate ("Landlord").

RECITALS:

- A. Landlord is the owner of the Shakespeare School building located at 1119 East 46th Street, Chicago, Illinois (the "Building");
- B. Landlord and Tenant have entered into that certain Charter School Agreement for a term commencing July 1, 1998 and ending June 30, 2003 ("Charter School Agreement") pursuant to which Tenant is operating the North Kenwood/Oakland Charter School ("NK/OCS");
- C. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, a portion of the Building, composed of the following spaces: the Section of the Building commonly called the 1953 building, a computer room known as Room No. B-104, and certain shared common areas (the "Premises"), all as specifically depicted on Exhibit A attached hereto; and
- D. Landlord shall occupy the remainder of the Building and operate the Ariel Community Academy ("Ariel") therein.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. Rent. In lieu of rent payments for the Premises, Tenant shall make an annual payment directly to the University of Chicago (the "University") to be used by the University exclusively to support various University of Chicago assistance programs offered in nearby Chicago public elementary and high schools. The University's acknowledgment and agreement to so use such payment is attached hereto as Exhibit B. The Chief Education Officer of the Board and the Vice-president for Community Affairs at the University will meet annually to develop a plan for the use of these funds. The annual support payment made by Tenant shall be a sum which is based on the "rent and facilities" line in the original budget for NK/OCS, dated October 1997, contained in the Charter School Agreement. This support payment shall be in the amount of \$99,000 for the 2000-2001 academic year and increase to \$126,632 in the 2001-2002 academic year. Thereafter, the annual support payment will be based on the 2001-2002 figure, adjusted annually for inflation of 3%. Furthermore, Tenant shall provide Landlord with written evidence showing that this support payment has been made on an annual basis.

2. Term. This Lease shall commence August 17, 2000, and shall end June 30, 2003 (the "Term"); provided, however, this Lease shall automatically terminate on any such date as the Charter School Agreement is terminated. In the event the Charter School Agreement for NK/OCS is renewed, this Lease shall automatically renew at the end of the Term and shall continue for a term to run concurrently with the time period of Tenant's Charter School Agreement renewal.
3. Operation and Maintenance. Building related services, including maintenance, janitorial, trash removal and general security, shall be provided and paid for by the Landlord.
4. Use of Premises.
 - a. Tenant shall use the Premises for a charter school and related educational and community programs, and for no other purpose.
 - b. Tenant shall have unrestricted access to the Premises, except for the shared common facilities. By May 1 of each academic year, the principals of NK/OCS and Ariel shall mutually create and agree on a basic usage schedule that will govern the use of the shared common facilities for the following academic year. This usage schedule shall be based on the principle of equal co-occupancy and equal right of access to the shared common facilities.
5. Supervision of Staff. The principal appointed to serve at Ariel will formally supervise the facilities' staff at the Building. The principal of NK/OCS will have authority to direct their activities as they pertain to the NK/OCS use of the facilities. Should any disputes arise concerning the Building staff, they will be brought to the Ariel principal for redress.
6. Conflict Resolution. Should conflicts arise between Ariel and NK/OCS pertaining to Building usage that cannot be resolved between the respective school principals, Ariel and NK/OCS may appeal to a mediation board established to make decisions in these matters. The board shall consist of the Board's Chief Education Officer and the Chair of the Board of the North Kenwood/Oakland Charter School. The third member shall be chosen as mutually acceptable by the first two. This shall be a "standing committee" in the sense that its representatives shall be identified prior to any particular dispute resolution. Decisions made by the mediation board shall be final.
7. Alterations and Modifications. Tenant shall not, nor permit anyone else to, alter, modify or improve the Premises without Landlord's prior written consent. Any approved alterations made by Tenant shall be at the sole expense of Tenant.
8. Indemnification. Tenant and Landlord agree to indemnify, defend and hold harmless the other, its officers, directors, employees, agents, affiliates, and representatives, and all other parties claiming by, through or under any of the preceding, from and against any and all claims, demands, suits, liabilities, injuries (personal or bodily), property damage, causes of action, losses, expenses, damages or penalties, including, without limitation, court costs and attorneys' fees, arising or resulting from, or occasioned by or in connection with any act or omission to act (whether

negligent, willful, wrongful or otherwise) by the other party, its officers, directors students, employees, agents, affiliates or other representatives.

9. Insurance. Landlord and Tenant are each self-insured and agree to maintain general liability, property damage, workers' compensation and employer's liability insurance in sufficient amounts for the purpose of this Lease.
10. Return of Premises. Upon the termination of this Lease, Tenant shall immediately vacate and surrender the Premises, returning the same to Landlord in the condition it was in when Tenant took possession thereof, excepting ordinary wear and tear.
11. Notice. All notices required hereunder shall be in writing and shall be deemed to have been duly given and to be effective (i) three (3) business days after being deposited in the United States mail as registered or certified, postage prepaid, return receipt requested, or (ii) the next business day when delivered by a reputable overnight delivery service, or (iii) immediately upon personal delivery, to the following addresses (or to such other addresses as either party may subsequently designate in writing):

If to Landlord: Department of Real Estate
Board of Education of the City of Chicago
125 S. Clark Street, 16th Floor
Chicago, Illinois 60603

and a copy to: Law Department
Board of Education of the City of Chicago
125 S. Clark Street, 7th Floor
Chicago, Illinois 60603
Attn: General Counsel

If to Tenant: The University of Chicago
5801 South Ellis Avenue
Chicago, Illinois 60637
Attn: Vice President for Community Affairs

12. 105 ILCS 5/34 Provisions.
 - a. This Lease is not legally binding on the Landlord 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 of Education members during the one-year period following expiration of other termination of their terms of office.
 - b. 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.

13. Board of Education Ethics Code. The Board of Education Ethics Code (95-0927-RU3), adopted September 27, 1995, and as amended from time to time, is hereby incorporated into and made a part of this Lease as if fully set forth herein.
14. Governing Law. This Lease shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois.
15. Miscellaneous.
 - a. Waiver. The waiver by Landlord of any breach of any term or covenant of this Lease shall not be deemed to be a waiver of such actual term or covenant. No term or covenant of this Lease shall be deemed waived by Landlord unless such waiver is in writing.
 - b. Force Majeure. In the event either party hereto shall be delayed or hindered or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials or services, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, rebellion, hostilities, military or usurped power, sabotage, through an act of God or beyond the control of the party delayed in the performing of work or doing the acts required hereunder, then performance of such act shall be excused for the period of the delay and the period for the performance of any act shall be extended for a period equivalent to the period of such delay. The provisions of this paragraph shall not operate to excuse Tenant from the timely payment of Rent or any other payments required under this Lease.
 - c. Captions and Paragraph Numbers. The captions and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and they in no way define, limit or describe the scope or intent of such paragraph nor in any way affect this Lease.
 - d. Partial Invalidity. If any term or covenant of this Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease or the application of such term or covenant to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term and covenant of this Lease shall be valid and enforceable to the fullest extent permitted by law.
 - e. No Option. The submission of this Lease for examination does not constitute a reservation of or an option for the Premises and this Lease only becomes effective upon the execution and delivery thereof by the Landlord and the Tenant.
 - f. Payment of Costs and Expenses. The defaulting party, as determined by a court of competent jurisdiction, shall pay all costs, expenses and reasonable attorney's fees that may be incurred or paid by the prevailing party in enforcing the covenants and terms of this Lease.

- g. Limitation of Liability. There shall be no personal liability on any persons, firms or entities which constitute Tenant with respect to the terms of this Lease. Tenant agrees that no Board member, employee, agent, officer or official of Landlord shall be personally charged by Tenant with any liability or expense under this Lease or be held personally liable under this Lease to Tenant.
- h. Entire Agreement. This Lease represents the entire agreement between Landlord and Tenant with respect to the subject matter contained herein and supersedes all prior negotiations, representations or agreements, whether written or oral. This Lease may be amended or modified only by a written instrument executed by both Landlord and Tenant.
- i. Exhibits. All exhibits attached hereto are hereby incorporated into this Lease by this reference and expressly made a part of this Lease.
- j. No Third Party Beneficiary. This Lease is not intended and shall not be construed so as to grant, provide or confer any benefits, rights, privileges, claims, causes of action or remedies to any person or entity as a third party beneficiary under any statutes, laws, codes, ordinances or otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:
BOARD OF EDUCATION OF
THE CITY CHICAGO

By: Gery J. Chico
Gery Chico, President

Attest: Sharon M. Revello
Sharon Revello, Secretary

TENANT:
THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION

By: Henry S. Webber

Name: Henry S. Webber

Title: Vice-President

Board Report Number: 01-0425 -0P1-2

Approved as to legal form: ffw
Marilyn F. Johnson, h.
Marilyn F. Johnson, General Counsel

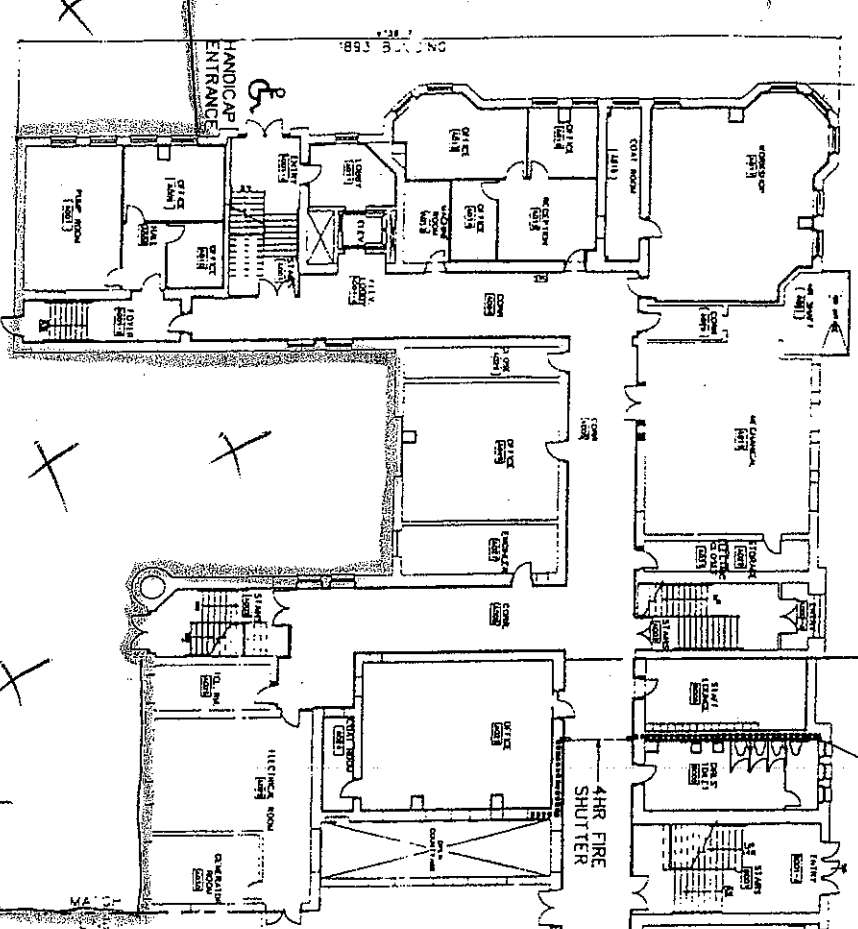
EXHIBIT A

Premises

1893 Bldg. Div.
2 STORIES, 1893 BLDG.
1893 BLDG. DIV. 111
1893 BLDG. DIV. 111

CATCH

1924 BLDG.
3 STORIES, 1924 BLDG.
1924 BLDG. DIV. 100
1924 BLDG. DIV. 100

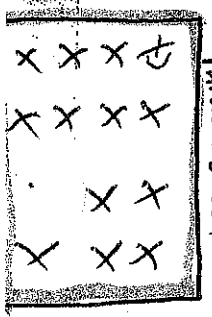


Playground

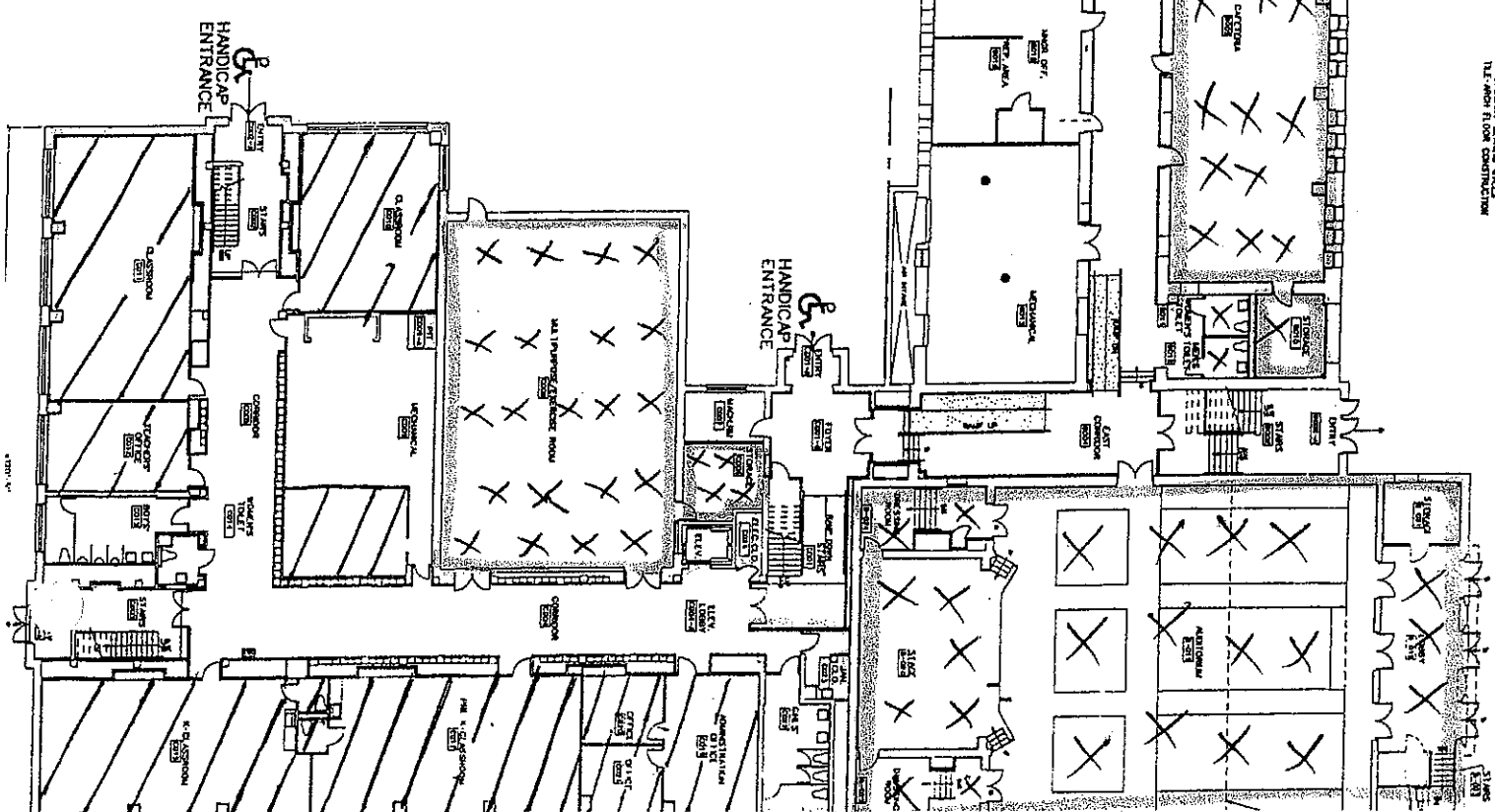
LOWER LEVEL PLAN
SCALE: 1" = 20'-0"



Tenant Sole Use Space
Shared Space



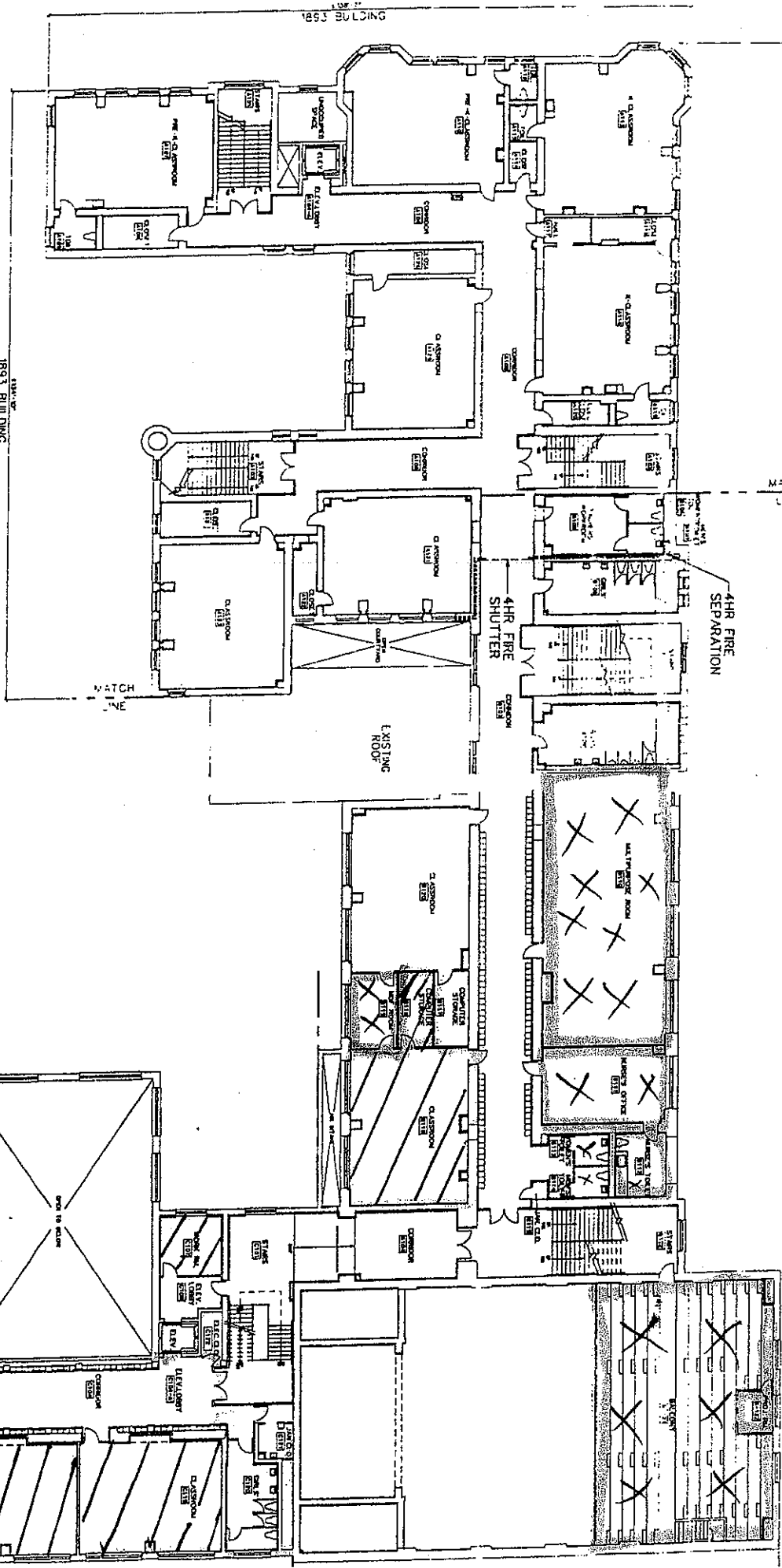
Parking Lot



1891 BUILDING
3 STORIES WAREHOUSE
MASONRY & WOOD WALLS
WOOD FLOOR CONSTRUCTION

M.A.C.
LINE

1924 BUILDING
3 STORIES WAREHOUSE
MASONRY & WOOD WALLS
TILE-CROWN FLOOR CONSTRUCTION



1

1ST FLOOR PLAN

SCALE: 1" = 20'-0"



NORTH



Tenant Sole Use Space
Shared Space

1933 BUILDING
3 STORIES WAREHOUSE
MASONRY & WOOD WALLS
CONCRETE FLOOR & LOCKER WALLS

1893 BUILDING
 2nd Floor
 Shared Space
 Shared Space
 Shared Space

MATCH LINE

4HR FIRE SEPARATION

4HR FIRE SHUTTER

MATCH LINE

1893 BUILDING

1893 BUILDING
 2nd Floor
 Shared Space
 Shared Space
 Shared Space

340'-1"

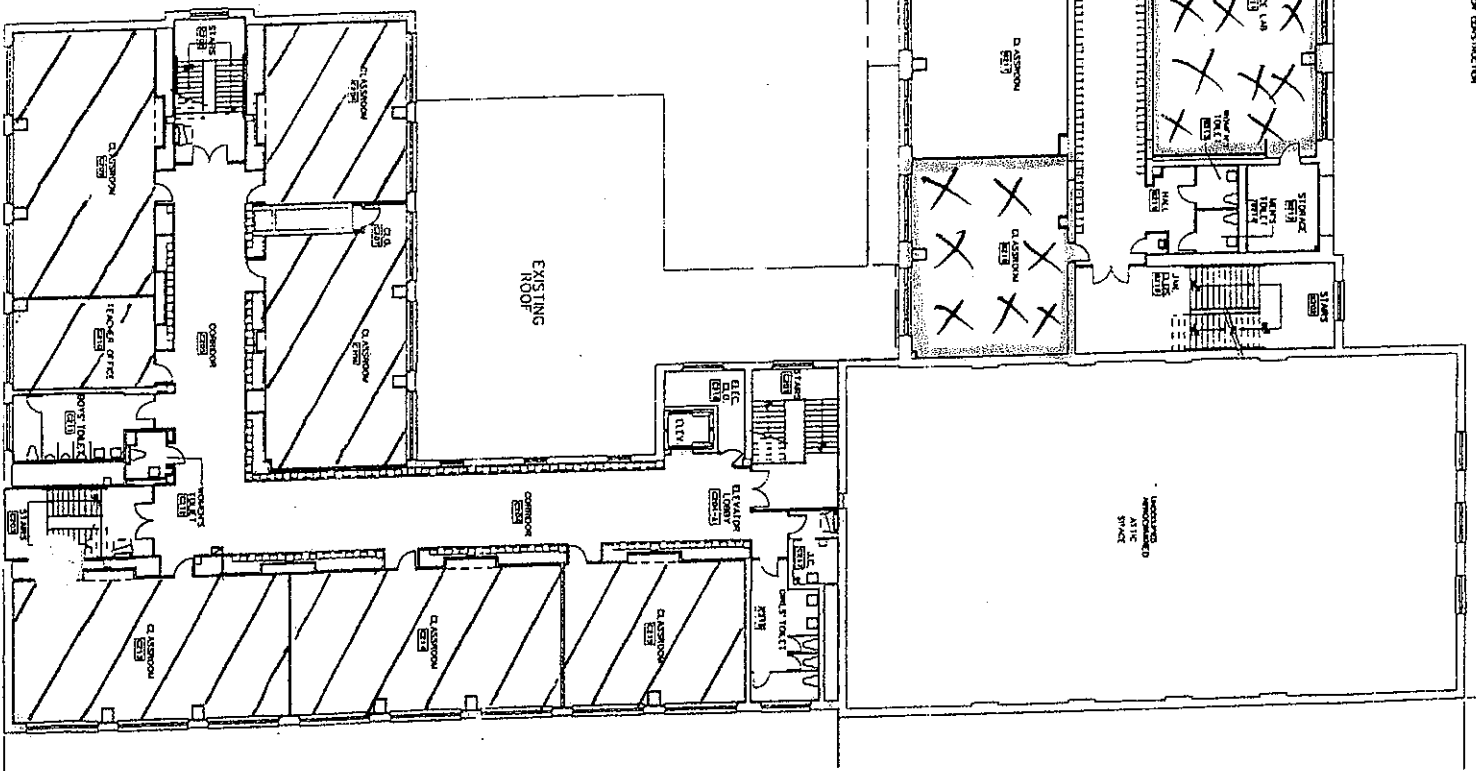
2 2ND FLOOR PLAN
 SCALE: 1" = 20'-0"



Tenant Sole Use Space

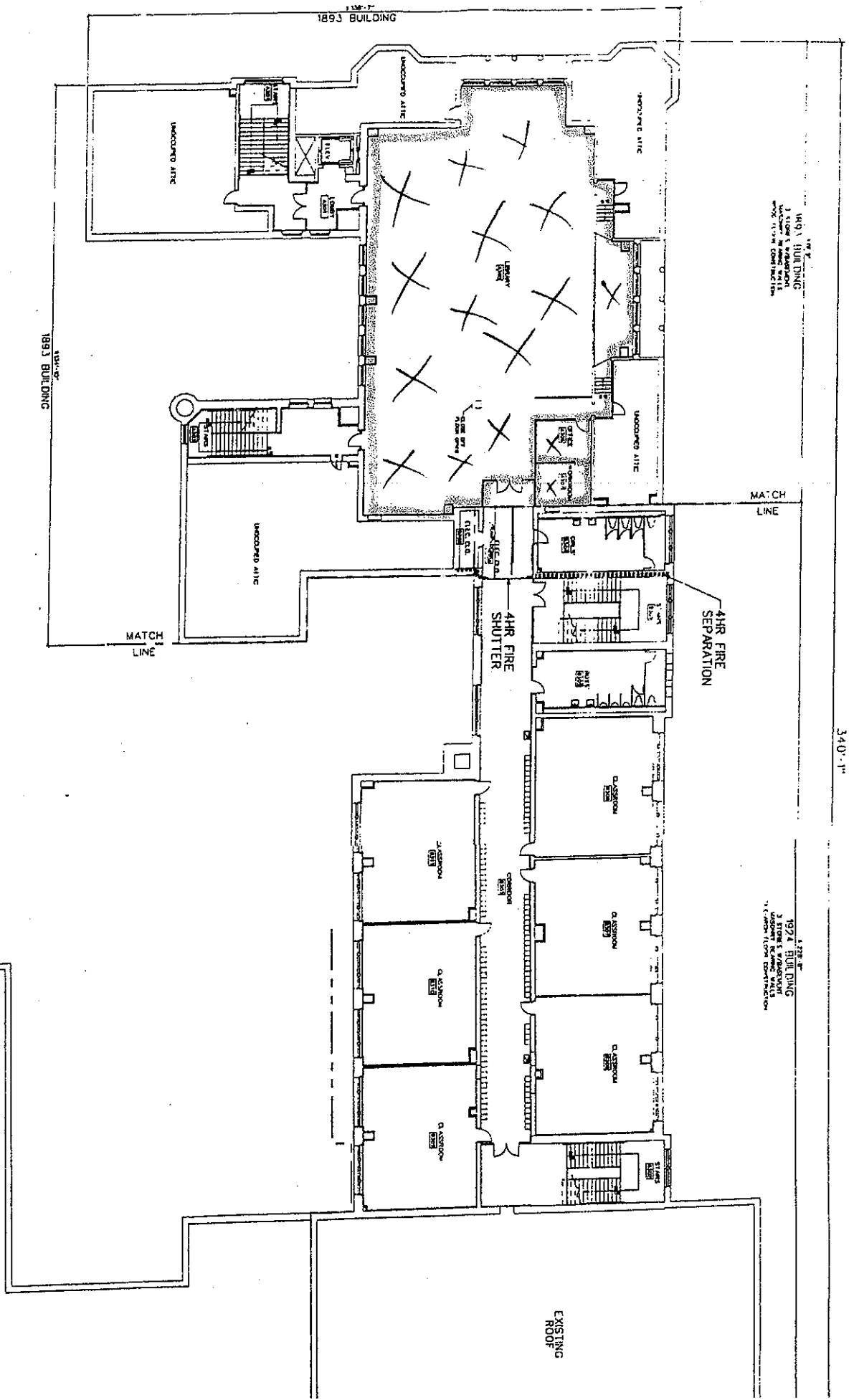


Shared Space



1893 BUILDING
1. ADDITIONAL
2. ADDITIONAL
3. ADDITIONAL

1924 BUILDING
1. ADDITIONAL
2. ADDITIONAL
3. ADDITIONAL



3

3RD FLOOR PLAN

SCALE: 1/8" = 20'-0"



Tenant Sole Use Space
Shared Space



NORTH

EXISTING ROOF

EXHIBIT B

Acknowledgment and Agreement

The undersigned hereby acknowledges that it will be the recipient of an annual payment from the University of Chicago Charter School Corporation, which payment is being made pursuant to the terms and conditions contained in paragraph 1 of that certain Lease Agreement dated April 27, 2001, by and between the University of Chicago Charter School Corporation and the Board of Education of the City of Chicago relating to property commonly known as 1119 East 46th Street, Chicago, Illinois;

Furthermore, the undersigned agrees that it will use this annual payment exclusively to support its various assistance programs offered in nearby Chicago public elementary and high schools, and agrees that its Vice-president for Community Affairs shall meet annually with the Board's Chief Education Officer to develop a plan for the use of such payments.

THE UNIVERSITY OF CHICAGO

By: *Key S. Wild*

Title: Vice-President for Community Affairs