

LEASE AGREEMENT

THIS LEASE AGREEMENT is made as of this 1st day of July 2005, by and between the Catholic Bishop of Chicago, an Illinois corporation sole ("Lessor") and the Board of Education of the City of Chicago, a body politic and corporate ("Lessee").

In consideration of their mutual covenants and agreements, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, solely for the uses described below, together with the appurtenances thereto, the premises (the "Premises"), for the term stated below. The terms "School Property" and "School Properties" refer to one or more of the individual school properties identified and described on Exhibit A attached hereto and as amended during the term of this Agreement.

1. Term; Possession.

a. Initial Term. The term of this Agreement (the "Term") shall commence on July 1, 2005 and shall end on June 30, 2015 unless this Agreement is terminated earlier as hereinafter set forth and subject to the provisions of Paragraph 1(b) below.

b. New Sites. Additional School Properties may be added to this Agreement at any time during the Term. If Lessee desires to add additional School Properties, it shall notify Lessor in writing. Lessor shall respond to Lessee's notice within twenty-five (25) days of receipt of same. Lessor may, but shall not be required to, make the School Property available to Lessee. The lease term for any and all School Properties that are added to this Agreement pursuant to this Paragraph 1(b) during the period July 1, 2005 – June 30, 2010 shall end on June 30, 2015. The lease term for any and all School Properties that are added to this Agreement after June 30 2010 may, at Lessee's option, continue for a period of up to five years; provided, however that in the event the lease term for any such School Property extends beyond June 30, 2015, this Agreement shall remain in effect for each such School Property until the end of the lease term for each such School Property. All of the terms and conditions of this Agreement shall apply to any and all School Properties that are added under this Paragraph 1(b).

c. Possession. Lessee shall take possession of the School Properties identified in Exhibit A on or before July 1, 2005.

2. Rent. Lessee shall pay Lessor, at the office of the Manager of Real Estate for Lessor at the address set forth in Paragraph 29 below, as rent for the Premises ("Rent") the following amounts:

a. Base Rent. For the first year of the Term ending June 30, 2006, Lessee shall pay as base rent ("Base Rent") for the School Properties \$5.29 per square foot, with the exception of the Hall/Gym at St. Francis de Sales Parish, 10201 S. Ewing Avenue, Chicago, Illinois 60617 (the "St. Francis de Sales Hall/Gym). The Base Rent shall increase 3.5% on July 1, 2006 and on each July 1 of each subsequent year of the Term.

b. Utilities. Lessor shall pay for electric and/or gas service at the School Properties identified on Exhibit B, which exhibit shall be updated and amended as required. For the first year of the Term, Lessee shall pay, as additional rent for those School Properties where Lessor is paying for electric service, \$.65 per square foot (the "Electric Service Rate"). For the first year of the Term, Lessee shall pay, as additional rent for those School Properties where Lessor is paying for gas service, \$.65 per square foot (the "Gas Service Rate"). The Electric Service Rate and Gas Service Rate in effect on June 30, 2006 shall be adjusted on July 1, 2006 and on July 1 of each subsequent year of the Term, as necessary, to reflect actual utility costs. In the case of the Electric Service Rate, the parties further agree to adjust this rate, if necessary, on or after January 1, 2007 when deregulation of electricity goes into effect.

c. Janitorial Service. Lessor shall provide Janitorial Services, as defined in Paragraph 7(b) of this Agreement, to the School Properties identified on Exhibit C, which exhibit shall be updated and amended as required. Lessee shall pay as additional rent for those School Properties \$.94 per square foot ("Janitorial Cost") for the first year of the Term ending June 30, 2006. The Janitorial Cost shall increase 3% on July 1, 2006 and on July 1 of each subsequent year of the Term.

For all School Properties at which Lessor shall provide Janitorial Services, the parties agree that prior to September 1 of each year of the Term, they shall jointly develop a job description and scope of work for the Janitorial Services to be provided at all such School Properties. This job description and scope of work shall include a requirement that the persons providing the Janitorial Services at each such School Property report to both the Lessee's School Principal and Lessor's Pastor at such site.

d. St. Francis de Sales Hall/Gym. Lessee shall pay as rent for this site \$4.54 per square foot, inclusive of utilities and Janitorial Service, for the first year of the term ending June 30, 2006. This rent shall increase 3.5% on July 1, 2006 and on July 1 of each subsequent year of the Term.

e. Additional rent for former St. Denis School. Lessee shall pay, as additional rent, for this site 75% of the compensation that St. Denis Parish pays for its engineering staff ("Engineering Costs"), as the parties have agreed that this staff will provide services to Lessee at this site.

f. Rent Payments. Rent payments will be due each month during the term of the Agreement in equal monthly installments. All Rent payments shall be made no later than the first day of the month. Lessor shall prepare and send an invoice to Lessee's Director of Real Estate no later than ten (10) days prior to the first day of the month for which payment is being sought. Said invoice will be broken down by total amount due per School Property and further broken down for each School Property to show the amount applicable to Base Rent, Utility Costs, Janitorial Costs, and Engineering Costs, as applicable.

g. Late Charge. All payments becoming due under this Agreement and remaining

unpaid by the 10th of each month shall bear interest at a rate equal to the lesser of (i) twelve percent (12%) per annum, or (ii) the maximum rate allowed by law.

3. **Use.** Lessee shall use and occupy the Premises solely for use as the public schools identified on Exhibit A. Such use shall include customary ancillary extracurricular activities. Lessor shall have the right to use the Premises according to the terms of a schedule of usage to be provided to Lessee on or before September 1 of each year of the Term. The schedule of usage for the first year of the Initial Term is attached hereto as Exhibit D. This exhibit shall be updated on or before September 1 of each year of the Term. In the event Lessor requires the use of space at any other time during the Term at one or more of the School Properties, Lessor will so notify Lessee as soon as is reasonably practicable. Lessee will use its best efforts to make the space requested available to Lessor. Under no circumstances will Lessor's right to use the Premises be permitted to conflict with Lessee's first right of use of the Premises during school hours, which generally are 6:30 a.m. to 4:30 p.m., on days when school is in session. To the extent that Lessor uses a portion of any School Property during school hours on a day when school is in session, Lessee shall be entitled to a credit against Rent of seventeen and one-half cents (\$.175) per hour per 100 square feet of space so utilized by Lessor.

4. **Covenants Regarding Use.** Lessee agrees, for itself and its contractors, agents, employees, guests and invitees, to observe the following covenants as to each and every one of the Premises:

a. If any School Property is a part of a building or complex of buildings (hereinafter, the "Building"), Lessee shall have, at all times during the term of this Agreement, a non-exclusive right of ingress and egress to and from the School Property through, over and upon such areas of the Building as may be designated, from time to time, in writing, by Lessor (the "Access Area"). Lessee shall not enter, or permit any of its agents, employees or invitees to enter areas of the Building other than the School Property and the Access Area, without, in each instance first obtaining the prior written consent of Lessor or such person or persons as Lessor may, from time to time, designate in writing (which consent shall not be unreasonably withheld or delayed). Lessee shall take all such reasonable measures as are necessary to prevent any of its agents, employees, guests or invitees from entering areas of the Building other than the Premises and the Access Area.

b. Lessee shall not exhibit, sell or offer for sale, nor permit its agents, employees, guests or invitees to exhibit, sell or offer for sale, any alcoholic or intoxicating beverages on the Premises.

c. Lessee shall comply with all applicable laws, ordinances and governmental regulations and shall not make any use of the Premises which, directly or indirectly, is forbidden by public law, ordinance or governmental regulation or which may be dangerous to life, limb or property. In using and occupying the Premises, Lessee shall otherwise comply with all laws, ordinances, rules and regulations of any governmental authority having jurisdiction thereof, including without limitation, those relating to asbestos, lead-based paint, polychlorinated biphenyl and other environmentally hazardous, toxic, or dangerous substance, waste or material (hereinafter collectively referred to as "Hazardous Substances" and each of them individually as a "Hazardous

Substance"). In the event Lessee or any other person brings any Hazardous Substance into or onto the Premises, Lessee shall use, handle, store, generate, treat, transport and dispose of any Hazardous Substance in compliance with all applicable federal, state, and local governmental statutes, laws, ordinances, codes, rules, regulations, orders and decrees regulating, relating to, or imposing liability as standards of conduct concerning such Hazardous Substance, all at its own expense.

d. Lessee, its contractors, agents, employees, and invitees shall not obstruct or use for storage or for any purpose other than ingress and egress, the sidewalks, entrances, passages, courts, corridors, vestibules, halls and stairways of the Premises or of the Building. Lessee shall not use personal property of Lessor at any School Property without obtaining the prior consent of Lessor. Likewise, Lessor shall not use any personal property of Lessee at any School Property without obtaining the prior consent of Lessee (the foregoing shall include kitchen equipment of both parties).

e. Lessee shall not, without the prior written consent of Lessor which shall not be unreasonably withheld or delayed, attach, affix or exhibit or permit to be attached, affixed or exhibited, except by Lessor or its agent, any articles of permanent character in any place in or about the Premises, or upon any of the appurtenances thereto.

f. Lessee shall have the right, at its sole cost and expense, to install additional locks or similar devices to any door or window of the Premises. Lessee shall provide Lessor with a master key for any additional locks installed on any doors of the Premises at the time such locks are installed. Lessee shall also provide Lessor with a means of access to any similar devices installed on any other door or windows in the Premises at the time of such installation.

g. Unless Lessor gives prior written consent to each and every instance, Lessee shall not use any illumination other than electric light or use or permit to be brought into the Premises or Building any inflammable oils or fluids such as gasoline, kerosene, naphtha and benzene, or any explosives or other articles hazardous to life, limb or property.

h. Lessee shall not install or permit to be installed in the Premises any equipment which uses an amount of electrical current, together with all other equipment using electric current, in excess of the maximum amount of electrical current which can be safely used in the Premises. Lessee shall ascertain the maximum amount of electrical current that can safely be used in the Premises, taking into account the capacity of the electric wiring in the Premises, and shall not use more than such safe capacity.

i. Lessee shall, at its cost and expense, procure each and every permit, license, certificate or other authorization and any renewals, extensions or continuances of the same required in connection with the lawful and proper use of the Premises.

j. Lessee shall enforce all "NO SMOKING" laws, statutes, ordinances and administrative rules and regulations applicable to the Premises.

5. Condition on Possession/Disclaimer of Warranties. Lessee has examined and

knows the condition of the Premises and agrees that Lessee has received the same as is, and acknowledges that no representations as to the condition and repair thereof, and no agreements or promises to decorate, alter, repair or improve the Premises, have been made by Lessor or Lessor's agents prior to or at the execution of this Agreement that are not stated expressly in this Agreement, including any attachments hereto.

Lessor makes no representations or warranties, whether of inhabitability, fitness for a particular purpose or otherwise, and, whether express or implied, about the condition of the Premises, the quality of the air in and around the Premises or the water provided to the Premises, the presence of Hazardous Substances, as defined above, in, on, or under the Premises, or that the Premises' comply with the Americans with Disabilities Act of 1990, except that Lessor represents that if any Hazardous Substance has been stored on the Premises in containers, Lessor either has or will remove such containers. Lessor further represents that all window glass and lighting fixtures are in serviceable condition and working order.

6. Utilities. Lessor shall provide the following services to the Premises. Lessee shall pay for the services described in subparagraphs (a) and (c) of this Paragraph 6 either directly or by the payment to Lessor of one or both of the Utility Costs at the School Properties identified on Exhibit B pursuant to Paragraph 2(b) of this Agreement. Lessee shall be solely responsible to pay for the services described in subparagraph (b) of this Paragraph 6:

a. Heat sufficient to maintain Kindergarten and Pre-School classrooms at a minimum temperature of 72 degrees Fahrenheit between the hours of 7:00 a.m. and 5:00 p.m. on school days; sufficient to maintain a minimum temperature of 68 degrees Fahrenheit between the hours of 7:00 a.m. and 5:00 p.m. in all other classrooms; and sufficient to maintain a minimum temperature of 63 degrees Fahrenheit between the hours of 5:00 p.m. and 7:00 a.m. on school days and for 24 hours a day on non-school days. The temperature Fahrenheit is to be measured at student desk level at the student desk nearest the windows of the classroom.

b. Water from municipal water mains for drinking, lavatory and toilet purposes, including hot water at a temperature not less than provided by Lessor to other buildings in the complex of buildings to which any individual School Property is a part; and

c. Electric power for the Premises.

Lessee shall not cause or permit any waste, misuse or neglect of the water, gas or electric fixtures or systems. Lessee shall bear the cost of replacement of all lamps, tubes, ballasts and starters for lighting fixtures that it uses on the Premises.

Except for the limited abatement of Rent upon a fire or casualty described in Paragraph 16 and except as provided below, Lessee agrees that Lessor shall not be liable in damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service, or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is

occasioned, in whole or in part, by repairs, renewals, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, or other fuel, or water service, by any accident or casualty whatsoever, by act or default of Lessee or other parties, or by any cause beyond Lessor's reasonable control.

Such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Lessee's use and possession of the Premises or relieve Lessee from paying Rent or performing any of its obligations under this Agreement; provided, however, that Lessor will use reasonable efforts to promptly remedy any situation which might interrupt such services.

Notwithstanding the foregoing, if, as a result of the failure or delay of any of the foregoing services which failure or delay 1) is not due to fire or casualty, 2) is not due to acts of Lessee, its employees, agents, invitees or contractors, and 3) does not result from a cause beyond Lessor's reasonable control, a School Property or a substantial portion thereof, is rendered untenable for a period of five (5) consecutive days (which term "untenable" for the purposes of this Agreement shall mean that the School Property or reasonable means of access thereto cannot be used by Lessee in the normal conduct of its business), then the following shall apply:

1) Commencing from and after said five (5) day period, all Rent (i.e., Base Rent and other sums due under Paragraph 2 of this Agreement) or a portion thereof, if only a portion of the School Property is not so occupied, due under this Agreement shall abate for the duration of such untenability;

2) If such period of untenability is longer than thirty (30) consecutive days, then, Lessee may elect to terminate this Agreement as to that School Property by written notice to Lessor within the ten (10) day period following said thirty (30) consecutive day period; provided, however, if such stoppage of services requires work to be performed, acts to be done, or conditions to be removed which, by their nature, cannot reasonably be performed, done or removed, as the case may be, within such thirty (30) day period, then, if Lessor shall have commenced curing or correcting the same within such period and shall have diligently prosecuted such cure or correction, such thirty (30) day period shall be extended by such additional time period as may be required for Lessor to cure or correct such failure; and

3) If in the reasonable judgment of both Lessor and Lessee, the period of untenability is longer than one hundred twenty (120) days (which determination shall be made with reasonable promptness following the occurrence of such stoppage), then Lessee may elect to terminate this Agreement as to that School Property by written notice to Lessor within the ten (10) day period following such determination that such stoppage will render a School Property untenable for more than one hundred twenty 120 days.

7. **Repairs/Janitorial Services.**

a. **Lessee's Duty to Repair.** Lessee shall, at Lessee's own expense, keep the Premises

in good order, repair and condition at all times during the Term. As a means of monitoring the condition of the School Properties, the Lessee's School Principal and Lessor's Pastor at each School Property shall jointly inspect the School Property on a quarterly basis and sign off on a list of any repairs that may be required as a result of Lessee's use of a School Property (which repairs shall exclude capital improvements which shall be determined as set forth in Paragraph 8 below). Lessee shall promptly and adequately repair all such items noted on the list according to the agreed-upon time schedule set forth in the list and Lessee shall otherwise promptly and adequately repair all other damage to the School Properties as a result of Lessee's use and replace or repair all such damaged or broken fixtures, equipment, systems and appurtenances with materials at least equal in quality and class to the original materials, subject to the approval of Lessor, and within any reasonable period of time specified by Lessor. If Lessee does not do so, within fourteen (14) days following written notice from Lessor, or immediately in the case of repairs for life safety or emergencies for which delay is unreasonable, Lessor may, but need not, make such repairs and replacements, and Lessee shall pay Lessor the costs thereof, including Lessor's Costs, forthwith upon being billed for same. The term "Lessor's Costs" shall mean ten percent (10%) of any costs or expenses paid by Lessor, in order to reimburse Lessor for all overhead, general conditions, fees and other costs and expenses arising from Lessor's actions or involvement. Payment by Lessee to Lessor of all repairs made by Lessor pursuant to this Paragraph 7(a) shall be made according to the schedule attached hereto as Exhibit E. Lessor may, but shall not be required to, enter the Premises at all reasonable times to make such repairs or replacements. Lessor will endeavor to minimize disruption to Lessee's operations.

b. Janitorial Services/Trash Disposal. With the exception of the School Properties identified on Exhibit C attached hereto, Lessee shall be responsible for keeping the interior of the Premises in a clean, sightly and healthy condition and for keeping the exterior walkways to the Premises clear of ice, snow and debris. Collectively, these services shall be referred to as Janitorial Services. Interior cleaning responsibilities include removing all trash from the School Property on a regular basis and placing it in the dumpsters or other receptacles designated by Lessor at the particular School Property. In the event trash is not picked up at one or more School Properties by the City of Chicago, Lessee shall be solely responsible for hiring and paying a scavenger service to remove the trash at such School Properties.

If the party responsible for providing Janitorial Services at a particular School Property fails to keep the School Property in a clean, sightly and healthy condition, the other party shall give the responsible party five days prior written notice enumerating the conditions existing and the failure to remedy such conditions. If the responsible party does not correct and remedy the conditions within two (2) school days, the other party may do so and deduct the amount expended from any monies due and owing to the responsible party, or bill the responsible party if no monies are due and owing the other party. Any amounts so billed shall be paid within thirty (30) days.

Lessee shall yield the Premises back to Lessor upon the termination of this Agreement, whether such termination shall occur by expiration of the Term, or in any other manner whatsoever, in the same condition of cleanliness, repair and sightliness as at the date of the execution hereof, reasonable wear and tear and casualty excepted.

8. Capital Improvements.

a. On or before December 31st of each calendar year of the Term of this Agreement, the Lessor and the Lessee will jointly assess the physical condition of each School Property to determine the capital improvements (as such term is defined below) that are needed. On or before January 31st of each calendar year of the Term of this Agreement, the parties will jointly agree to the dollar amount to allocate to such capital improvements and will prioritize the capital projects to be completed in the following lease year (i.e. the period of July 1st to June 30th). Priorities will be set by first focusing on the integrity of the exterior structure (i.e. roofs, windows, and masonry), mechanical systems (i.e. boilers and air conditioning) and other building elements. All amortized improvements will be determined during the January 31st review period. The Lessor shall prepare a scope of work for the capital projects that are so identified and will present this scope of work to the Lessee for its review and approval. A five percent (5%) default contingency amount and a ten percent (10%) management fee will be included in the estimated costs for all capital projects. The contingency amount may be altered during the pre-budget meetings on certain capital projects based on a defined scope of work and mutual agreement of the parties. The parties recognize and agree that, on some capital projects, it may be necessary to complete the work in two phases in order to ensure the proper due diligence and planning for all of the work. When the parties have agreed, in writing, on the scope of the work, the work will be scheduled for next lease year. The Lessor's Archdiocese Facilities and Construction Office will oversee the construction and the Lessee shall have the right to view the construction with its own personnel. For the first three (3) lease years of the Term of this Agreement, the parties estimate that the capital improvements for all of the School Properties listed on Exhibit A will total approximately Twelve Million and 00/100 Dollars (\$12,000,000.00) and that Four Million and 00/100 Dollars (\$4,000,000.00) will be spent for capital improvements during the lease years commencing July 1, 2005; July 1, 2006; and July 1, 2007 according to the schedule set forth on Exhibit A-1. The parties further recognize that capital improvements in subsequent lease years will vary, depending on the yearly joint assessment of all of the School Properties and that the necessary capital improvements in these subsequent lease years will be budgeted according to the procedures set forth in this Paragraph 8 (a) and that any disputes over whether or not a capital improvement to a particular School Property should be made shall be subject to the dispute resolution provisions of Paragraph 26 below.

b. A capital improvement is defined as any project which, according to generally accepted accounting principles, is to be treated by Lessor as a depreciable item and not a current expense. Examples of capital improvements shall include, but not be limited to, substantial repairs to, or replacements of, roofs, brick work, boiler and heating systems, window casements, fire alarms, and sprinkler systems; abatement of environmental hazards; electrical system failures; natural gas line repairs; water leaks or water delivery system failures; and structural failures (and shall include code violations which are capital improvements, such as a fire alarm system or an enunciator panel). Lessor shall pay fifty percent of the agreed-upon cost of such capital improvements at the School Property up to one-third (1/3) of the annual Base Rent for the School Property. Lessee shall be responsible for the payment of the remaining cost of the capital improvements within sixty (60) days of being provided by Lessor with copies of all bills for such costs, along with partial or final

sworn contractors' statements and lien waivers; provided, however, that the cost of any change orders above the agreed-upon cost for the capital improvements will be Lessor's responsibility. All payments becoming due under this Paragraph 8 and remaining unpaid by the due date shall bear interest at a rate equal to the lesser of (i) twelve percent (12%) per annum, or (ii) the maximum rate allowed by law.

c. If Lessee no longer has a need for a School Property and is unable to sublet the School Property pursuant to the provisions of Section 15 of this Agreement, and therefore exercises its right to terminate this Agreement with respect to the School Property as provided for in Paragraph 14 of this Agreement, Lessee shall not be entitled to reimbursement of the amounts it has paid for capital improvements for a School Property except as follows:

i. If Lessee has paid more than \$100,000 in authorized capital improvements at such School Property since July 1, 2005 pursuant to this Paragraph 8 or Paragraph 9 of this Agreement and Lessor is able to re-lease or sell the School Property to a non-Catholic entity, then Lessor shall pay Lessee 50% of up to five (5) years of the unamortized portion of Lessee's original investment (amortized on a straight line basis over a ten (10) year period commencing upon the date of substantial completion of such capital improvement). All such amounts due Lessee pursuant to this subparagraph 8(c)(i) due to Lessor's sale of the School Property to a non-Catholic entity shall be paid by Lessor within sixty (60) days from the date of the closing of the sale. All such amounts due Lessee pursuant to this subparagraph 8(c)(i) due to Lessor's reletting of the School Property shall be repaid over the appropriate number of years of the lease (e.g., if there are 3 years of recapture and the lease is for a 5 year term, Lessor shall pay the amount due Lessee in monthly installments during the first 3 years of the lease term).

ii. If this Agreement is terminated due to the default of Lessor, Lessor shall pay to Lessee an amount equal to the unamortized cost of all costs, fees and expenses incurred by Lessee for capital improvements made at such School Property (amortized on a straight line basis over a ten (10) year period commencing upon the date of substantial completion of such capital improvement). All such amounts due Lessee pursuant to this subparagraph 8(c)(ii) shall be paid by Lessor within sixty (60) days following such termination.

9. Additions and Alterations. Lessee shall not, without the prior written consent of Lessor which shall not be unreasonably withheld or delayed, make any capital improvements, alterations or additions to any School Property. If Lessor consents to said capital improvements, alterations or additions, it may impose such reasonable conditions with respect thereto as Lessor deems appropriate, including, without limitation, insurance against liabilities which may arise out of such work, plans and specifications plus permits necessary for such work and "as-built" drawings or an accurately marked record set of drawings showing the actual location of said alterations, improvements and additions. The work necessary to make any capital improvements, alterations or additions to the Premises shall be done at Lessee's expense by contractors hired by Lessee with the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Upon completion of such work Lessee shall deliver to Lessor evidence of payment, contractors' affidavits and full and final waivers of all liens for labor, services or materials all in form reasonably

satisfactory to Lessor. Lessee shall defend and hold Lessor harmless from all costs, damages, liens and expenses related to such work, whether or not Lessee performed such work. All work done by Lessee's contractors pursuant to this Paragraph 9 shall be done in a first-class workmanlike manner using only good grades of materials and shall comply with all insurance requirements and all applicable laws and ordinances and rules and regulations of governmental departments or agencies. If Lessor does not consent to such capital improvements, additions or alterations, and Lessee proceeds with the work notwithstanding the lack of consent, Lessee shall pay Lessor, upon written demand from Lessor, a penalty of \$1,000 for each such occurrence.

10. Covenant Against Liens. Lessee has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Lessee, operation of law or otherwise, to attach to or be placed upon Lessor's title or interest in Lessor's land, Building or Premises, and any and all liens and encumbrances created by Lessee shall attach to Lessee's interest only. Lessee covenants and agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against Lessor's land, Building or the Premises with respect to work or services claimed to have been performed for or materials claimed to have been furnished to Lessee or the Premises, and, in case of any such lien attaching, or claim thereof being asserted, Lessee covenants and agrees to cause it to be immediately released and removed of record. In the event that such lien is not immediately either (a) released and removed or (b) bonded over or insured over in a manner reasonably acceptable to Lessor, Lessor, at its sole option after written notice to Lessee, may take all action necessary to release and remove such lien (without any duty to confirm the validity thereof) and Lessee shall promptly upon notice reimburse Lessor for all sums, costs and expenses (including reasonable attorneys' fees and Lessor's Costs) incurred by Lessor in connection with such lien.

11. Access to Premises. Lessee will allow Lessor free access to the Premises for the purpose of examining or exhibiting the Premises and Lessee shall not interfere with the same. Lessor shall give Lessee a twenty-four (24) hour notice to enter the Premises for such purposes unless it is an emergency. Lessor covenants and agrees that its entry for such purposes shall not interfere with Lessee's educational use of the Premises.

12. Insurance. Both Lessor and Lessee maintain a level of self-insurance. During the term of this Agreement, Lessor and Lessee, at their sole respective cost and expense, and for their mutual benefit shall, in addition, carry and maintain the following types of insurance:

a. Lessee's Insurance Requirements.

i. Broad form Commercial General Liability insurance policy naming Lessor as an Additional Insured with a policy limit of \$1,000,000 per occurrence.

ii. Excess liability insurance, naming Lessor as an Additional Insured, follow-form with a minimum policy limit of \$19,000,000 per occurrence and in the aggregate.

iii. Automobile liability insurance for any auto with a \$1,000,000 per occurrence policy limit naming Lessor as an additional insured.

iv. Workers' Compensation/Employer's Liability with statutory coverage with a \$500,000/accident, \$500,000/Disease-Policy, \$500,000/Disease-Employee.

v. All risk physical damage insurance including fire, vandalism and other extended coverage perils for the full replacement cost of Lessee's personal property located thereon.

All insurance companies must have a minimum AM Best Rating of A-VI.

b. Lessor's Insurance Requirements.

i. Commercial General Liability policy naming Lessee as an Additional Insured with a policy limit of \$1,000,000 per occurrence.

ii. Excess liability insurance, naming Lessee as an Additional Insured, in follow-form with a minimum policy limit of \$19,000,000 per occurrence and in the aggregate.

iii. Property insurance that covers all of the School Properties on a full replacement cost basis and which also covers all of Lessor's personal property therein on an "all-risk" basis, including without limitation coverage for all of the following perils: fire (with extended coverage), water damage, flood, theft, vandalism, malicious mischief, collapse, earthquake and windstorm. Lessor's requirement to maintain such property insurance is subject to Subsection 12(c) below.

iv. Automobile liability insurance with a policy limit of \$1,000,000 per occurrence.

v. Workers' Compensation/Employer's Liability with statutory coverage with a \$500,000/accident, \$500,000/Disease-Policy, \$500,000/Disease-Employee.

All insurance companies must have a minimum AM Best Rating of A-VI.

Both Lessor and Lessee shall use their best efforts to maintain the above-described insurance limits, retentions and policy provisions for the duration of this Agreement and shall provide 30 days prior written notice of any coverage changes.

Both Lessor and Lessee currently insure all of their property on a blanket basis.

Both Lessor and Lessee shall provide each other with Certificates of Insurance acceptable to each other evidencing the existence of the coverages described above during all periods which Lessee has possession of the Premises. Lessee shall not be entitled to possession of the Premises for a period not covered by acceptable Certificates of Insurance. The failure to provide acceptable Certificates of Insurance shall be deemed a breach of this Agreement and shall entitle

the non-breaching party to avail itself of any of the remedies specified by this Agreement, including but not limited to the right of termination of this Agreement at the option of the non-breaching party.

All policies of insurance shall provide by endorsement that no coverages may be cancelled, terminated or reduced by the insuring company without the insuring company first giving at least 30 days' prior written notice to the Additional Insured. Lessee and Lessor shall provide each other certified copies of all such policies, if so requested in writing by either party.

c. Lessee's Loss Share.

In the event that a School Property is damaged by a peril normally covered by "all-risk" property insurance, as described in Subsection 12(b)(iii) above, and this Lease is not terminated under Paragraph 16 below, Lessee shall be responsible for the first Two Hundred Fifty Thousand and 00/100 Dollars of such damages (herein called "Lessee's Loss Share").

In the event of such damage to a School Property, Lessee shall promptly report that loss to Lessor. Unless the cost of repairs, based on a preliminary investigation, will clearly be greater than Lessee's Loss Share, Lessee shall promptly investigate the scope and cost of repairing the damage and provide that information to Lessor.

If the estimated cost of repairs is equal to or less than Lessee's Loss Share, Lessee shall be responsible for adjusting the loss and making the necessary repairs. Except for emergency repairs to protect life safety or prevent significant additional damage to a School Property, Lessee shall not begin such repairs until it has received Lessor's written approval to proceed with repairs, which approval shall not be unreasonably withheld or delayed. When it has received Lessor's written approval to proceed with repairs, Lessee shall promptly make the agreed upon repairs. Once Lessee has received Lessor's written approval to proceed with repairs, Lessee may not materially change the scope of those repairs without first obtaining Lessor's approval, which approval shall not be unreasonably withheld or delayed. Lessee shall keep Lessor reasonably informed of the progress of repairs. If Lessee does not promptly make the repairs that it is required to make under this paragraph, then within fourteen days following written notice from Lessor, or immediately in the case of emergency repairs to protect life safety or prevent significant additional damage to a School Property, Lessor may, but need not, make such repairs and Lessee shall pay Lessee's Loss Share.

If the estimated cost of repairs is greater than Lessee's Loss Share, Lessor shall be responsible for adjusting the loss and making the necessary repairs. Except for emergency repairs to protect life safety or prevent significant additional damage to a School Property, Lessor shall not begin such repairs until it has notified Lessee of the estimated scope and cost of such repairs and afforded Lessee a reasonable opportunity to comment on the cost and scope of repairs. Lessor shall give reasonable consideration to Lessee's comments. Lessor shall keep Lessee reasonably informed of the progress of repairs. After the repairs have been completed, Lessee shall pay Lessee's Loss Share within sixty days of being invoiced by Lessor.

To the extent that they pay for such damages to a School Property, Lessor and Lessee reserve their respective rights to recover such damages from third parties.

13. Waivers of Subrogation/Indemnification.

a. Subject to subsection 12(c) above, whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease or anyone claiming by, through or under them in connection with the Premises and (b) such party is then either covered in whole or in part by insurance with respect to such loss, cost, damage or expense, or required under this Agreement to be so insured, then the party so insured (or so required) hereby releases the other party from any liability said other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered, had insurance been carried as so required) and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right to subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage or increase the cost thereof (provided that in the case of increased cost the other party shall have the right, within thirty (30) days following written notice, to pay such increased cost thereupon keeping such release and waiver in full force and effect).

b. All property situated in the Premises and belonging to the Lessee, its agents, employees or invitees or any occupants of the Premises shall be situated there at the risk of Lessee or such other person only, and Lessor shall not be liable for damage thereto or theft, misappropriation or loss thereof unless caused by the wrongful acts, omissions or negligence of Lessor.

c. Except for the waiver of claims set forth in Paragraph 13 (a) above, to the fullest extent permitted by law, Lessee, its successors and assigns, shall indemnify, defend and hold harmless Lessor, its present and future officers, employees and agents, and Lessor's interest in any property, from and against any and all claims, obligations, liens, encumbrances, demands, liabilities, penalties, causes of action, and costs and expenses, including, without limitation, orders, judgments, fines, forfeitures, amounts paid in settlement, and reasonable attorney's fees proximately resulting from the negligent or other wrongful acts or omissions of Lessee, its agents, employees and invitees, occurring or alleged to have occurred in whole or in part in connection with Lessee's possession of the Premises.

Lessee's obligations of defense, indemnification, repair, and payment shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Lessee under workmen's compensation acts, disability benefit acts or other employee benefit acts or by Lessee's insurance coverages.

d. Except for the waiver of claims set forth in Paragraph 13 (a) above, to the fullest

extent permitted by law, Lessor, its successors and assigns, shall indemnify, defend and hold harmless Lessee, its present and future officers, employees and agents, and Lessee's interest in any property, from and against any and all claims, obligations, liens, encumbrances, demands, liabilities, penalties, causes of action, and costs and expenses, including, without limitation, orders, judgments, fines, forfeitures, amounts paid in settlement, and reasonable attorney's fees proximately resulting from the negligent or other wrongful acts or omissions of Lessor, its agents, employees and invitees, occurring or alleged to have occurred in whole or in part in connection with Lessor's possession of the Premises.

Lessor's obligations of defense, indemnification, repair, and payment shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Lessor under workmen's compensation acts, disability benefit acts or other employee benefit acts or by Lessor's insurance coverages.

In the event that the applicable law prohibits enforcement of any part of this Paragraph 13 as written, then such provision shall be modified to provide the maximum indemnification allowable under that applicable law.

14. Termination. Lessee may terminate this Agreement with respect to any particular School Property by giving written notice to Lessor by no later than December 31 of each year during the Term hereof. The termination for such School Property shall take effect the following July 1. If Lessee notifies Lessor after December 31 that it intends to terminate this Agreement with respect to any particular School Property effective the following July 1, then Lessee shall pay Lessor a termination fee, payable on or before the following August 15, according to the schedule attached hereto as Exhibit G. Regardless of when a termination notice is given, and regardless of whether a termination fee is due, any such termination shall not take effect until the July 1 following the notice. The move-out procedure shall be as follows:

(a) The Lessor and the Lessee will set a date for a joint walk-through of the School Property;

(b) Both parties will do an assessment of the repairs required for the School Property and create an agreed upon scope of work;

(c) Each party will obtain a cost estimate to complete necessary repairs according to the scope of work;

(d) The Lessor will bill the Lessee for the cost estimate that is agreed upon;

(e) Complete settlement, including payment, of all move-out costs shall be made by the Board within forty-five (45) calendar days from the last day of occupancy; and

(f) If the parties are not able to agree upon the scope of work and the cost thereof, the same shall be resolved in the same manner as a non-capital repair under the provisions of Paragraph

26 (b) below.

15. Subletting; Assignment: Lessee shall not have the right to assign or pledge this Agreement, without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Lessee shall have the right to sublet one or more of the School Properties for educational programs or activities, including subletting to Charter Schools, with the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed.

16. Fire and Casualty: Paragraph 7 hereof notwithstanding, if a School Property (including machinery or equipment used in its operation) shall be damaged by fire or other casualty and if such damage does not render all or a substantial portion of the School Property untenable, then Lessor shall repair and restore the same with reasonable promptness, subject to reasonable delays for insurance adjustments and delays caused by matters beyond Lessor's reasonable control, but shall not be obligated to expend therefor an amount in excess of the proceeds of insurance recovered with respect thereto. If the insurance proceeds are insufficient to cover all of the expenses necessary to repair and restore the School Property, Lessor shall have the right to terminate this Agreement with respect to such School Property by giving Lessee thirty (30) days prior written notice of termination, unless Lessee agrees to pay the balance of such expenses. Lessor shall have no liability to Lessee, and Lessee shall not be entitled to terminate this Agreement, by virtue of any delays in completion of such repairs and restoration. Rent, however, shall abate on those portions of the School Property as are, from time to time, untenable as a result of such damage.

If any such damage renders all or a substantial portion of the School Property untenable, either party shall have the right to terminate this Agreement with respect to that School Property as of the date of such damage upon giving written notice to the other party at any time within thirty (30) days after the date of such damage.

17. Nonwaiver. No waiver of any provision of this Agreement shall be implied by any failure of either party to enforce any remedy on account of the violations of such provisions, even if such violation be continued or repeated subsequently, and no express waiver shall affect any provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated. No receipt of monies by Lessor from Lessee after the termination of this Agreement shall in any way alter the length of a Term or of Lessee's right of possession hereunder or after the giving of any notice shall reinstate, continue or extend a Term or affect any notice given Lessee prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit or after final judgment for possession of the Premises, Lessor may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

18. Condemnation. If Lessor's land or a School Property or any portion thereof shall be taken or condemned by any competent authority (a "taking"), or if the configuration of any street, or alley, adjacent to a School Property is changed by any competent authority and

such taking or change in configuration makes it necessary or desirable to remodel or reconstruct the School Property, Lessor shall have the right, exercisable at its sole discretion, to cancel this Agreement with respect to the particular School Property affected upon not less than 90 days notice prior to the date of cancellation designated in the notice. No money or other consideration shall be payable by Lessor to Lessee for the right of cancellation and Lessee's right to share in the condemnation award or in any judgment for damages caused by such taking or change in configuration shall be limited to the unamortized cost of all costs, fees and expenses incurred by Lessee for capital improvements made at such School Property pursuant to subparagraph 8(a) of this Agreement (amortized on a straight line basis over a ten (10) year period commencing upon the date of substantial completion of such capital improvement).

19. Lessor's Mortgage/Ground Lease. Lessor may have heretofore executed and delivered or may hereafter execute and deliver a mortgage or trust deed in the nature of mortgage, both sometimes hereinafter referred to as "Mortgage," encumbering the Premises, or portion thereof or any interest therein, and may sell and lease back the underlying land on which the Premises, or portion thereof, is situated. If requested by the holder of a Mortgage ("Mortgagee") or by Lessor of any ground or underlying lease ("Ground Lessor"), Lessee will either subordinate its interest in this Agreement to said Mortgage or ground lease or make such interest superior, and will execute such agreement or agreements as may be reasonably required by such Mortgagee or Ground Lessor; provided that any such agreement which provides for Lessee's subordination of its interest in this Agreement shall also provide that so long as Lessee is not in default under this Agreement, Lessee may remain in possession under the terms and conditions of this Agreement notwithstanding the foreclosure of such Mortgage or termination of such ground lease and shall otherwise be in form and substance reasonably satisfactory to Lessee, Lessor and Mortgagor or Ground Lessor, as the case may be.

20. Estoppel Certificates. Lessee agrees that from time to time, at Lessor's request, Lessee will deliver to Lessor, within ten (10) business days of Lessor's request, a statement in writing certifying: (a) that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and identifying the modifications); (b) the dates to which the Rent and other charges have been paid; (c) that Lessor is not in default under any provision of this Agreement (or if Lessor is in default or claimed by Lessee to be in default, the nature thereof in reasonable detail); (d) no payments other than as currently due have been made (or stating those that have been made); (e) that Lessee has accepted the Premises and the condition thereof and of improvements thereto and has no claims against Lessor or any other party with respect thereto (or stating what the nature of such claims); and (f) such other matters as may reasonably be requested by Lessor. Such certificate shall provide that it may be relied upon by any prospective purchaser, mortgagee or beneficiary thereof.

21. Termination; Holding Over. At the termination of the term of this Agreement, by lapse of time or otherwise, Lessee will yield up immediate possession of the Premises to Lessor, in good condition and repair (reasonable wear and tear excepted), and will return the keys therefor to Lessor at the place of payment of Rent. If Lessee retains possession of the Premises or any part thereof after the termination of the Term by lapse of time or otherwise, then Lessor may, at Lessor's

option, serve written notice upon Lessee that such holding over constitutes either (a) the creation of a month to month tenancy, upon the terms of this Agreement except at double the Rent specified in Paragraph 2 of this Agreement, or (b) the creation of a tenancy at sufferance, at a rental amount equal to twice the prior daily rental rate for the time Lessee remains in possession. If no such written notice is served, then a tenancy at sufferance with rental as stated at (b) shall have been created. Lessee shall also pay to Lessor all direct damages and costs sustained or incurred by Lessor resulting from retention of possession by Lessee. The provisions of this Paragraph shall not constitute a waiver by Lessor of any right of re-entry as hereinafter set forth; nor shall receipt of any Rent or any other act in apparent affirmance of tenancy operate as a waiver of the right to terminate this Agreement for a breach of any of the covenants herein.

22. Lessor's Remedies. If Lessee shall vacate or abandon one or more School Properties or permit the same to remain vacant or unoccupied for a period of ten (10) days, excluding summer or holiday vacation periods, or in case of the non-payment of the Rent, or any part thereof, or in case of the material breach of any covenant in this Agreement contained, Lessee's right to the possession of the School Property or Properties shall terminate with or (to the extent permitted by law) without any notice or demand whatsoever, and the mere retention of possession thereafter by Lessee shall constitute a forcible detainer of the School Property or Properties involved. If Lessor so elects, but not otherwise, and with notice of such election, this Agreement shall terminate as to the School Property or Properties involved. Upon the termination of Lessee's right of possession, as aforesaid, whether this Agreement be terminated as to the School Property or Properties or not, Lessee agrees to surrender possession of the School Property or Properties involved immediately without the receipt of any demand for rent, notice to quit, or demand for possession of the School Property or Properties involved, and hereby grants to Lessor full and free license to enter into and upon the School Property or Properties involved or any part thereof, to take possession thereof with or (to the extent permitted by law) without process of law, and to expel and to remove Lessee or any other person who may be occupying the School Property or Properties involved or any part thereof. Lessor may use such force in and about expelling and removing Lessee and other persons as may reasonably be necessary, and Lessor may re-possess itself of the School Property or Properties involved as of its former estate. Such entry of the School Property or Properties shall not constitute a trespass or forcible entry or detainer, nor shall it cause a forfeiture of rents due by virtue thereof, nor a waiver of any covenant, agreement or promise of this Agreement to be performed by Lessee. Lessee hereby waives all notice of any election made by Lessor hereunder, demand for rent, notice to quit, demand for possession, and any and all notices and demands whatsoever, of any and every nature, which may or shall be required by any statute of this state relating to forcible entry and detainer, or to landlord and tenant, or any other statute, or by the common law, during the Term of this Agreement or any extension thereof. The acceptance of Rent, whether in a single instance or repeatedly, after it falls due, or after knowledge of any breach hereof by Lessee, or the giving or making of any notice or demand, whether according to any statutory provision or not, or any act or series of acts except an express written waiver, shall not be construed as a waiver of Lessor's right to act without notice or demand or of any other right hereby given Lessor, or as an election not to proceed under the provisions of this Agreement.

23. Right to Relet. If Lessee's right to the possession of a School Property shall be

terminated in any way, the School Property, or any part thereof, may, but need not (except as provided by Illinois statute), be relet by Lessor, for the account and benefit of Lessee, for such Rent and upon such terms and to such person or persons and for such period or periods as may seem fit to Lessor. Lessor shall not be required to accept or receive any tenant offered by Lessee, nor to do any act whatsoever or exercise any diligence whatsoever, in or about the procuring of another occupant or tenant to mitigate the damages of Lessee or otherwise. If a sufficient sum shall not be received from such reletting to satisfy the Rent hereby reserved, after paying the expenses of reletting and collection, including commissions to agents, and including also expenses of redecorating, Lessee agrees to pay and satisfy all deficiency. The acceptance of a tenant by Lessor, in place of Lessee, shall not operate as a cancellation of this Agreement, nor to release Lessee from the performance of any covenant, promise or agreement herein contained, and performance by any substituted tenant by the payment of Rent, or otherwise, shall constitute only a partial satisfaction of the obligations of Lessee arising under this Agreement.

24. Lessor's Lien. Lessor shall have a first lien upon the interest of Lessee under this Agreement, to secure the payment of all moneys due under this Agreement, which lien may be foreclosed in equity at any time when money is overdue under this Agreement; and Lessor shall be entitled to name a receiver of said leasehold interest, to be appointed in any such foreclosure proceeding, who shall take possession of a School Property or Properties and who may relet the same under the orders of the court appointing him.

25. Remedies not Exclusive. The obligation of Lessee to pay the Rent during a Term shall not be deemed to be waived, released or terminated by the service of any five-day notice, other notice to collect, demand for possession, or notice that the tenancy hereby created will be terminated on the date therein named, the institution of any action of forcible detainer or ejectment or any judgment for possession that may be rendered in such action, or any other act or acts resulting in the termination of Lessee's right to possession of a School Property or Properties. Lessor may collect and receive any Rent due from Lessee, and payment or receipt thereof shall not waive or affect any such notice, demand, suit or judgment, or in any manner whatsoever waive, affect, change, modify or alter any rights or remedies which Lessor may have by virtue hereof.

26 Dispute Resolution. In the event a dispute arises at a School Property between Lessor and Lessee, which cannot, after reasonable diligence and efforts be resolved, then the dispute will be resolved in the following manner:

a. For capital projects at a School Property. The Real Estate Managers of the respective parties shall use their best efforts to resolve the dispute. If a resolution cannot be reached, the matter will be referred to Lessor's Director of Finance and Lessee's Chief Administrative Officer, who in turn will use their best efforts to reach a resolution. If they are unable to do so, the dispute will be referred to ADR Systems of America, L.L.C. for mediation. Each party shall be responsible to pay one-half of the costs of the mediation. The decision of the mediators will be final and binding on the parties.

b. For non-capital project issues at a School Property: The Real Estate Managers of the

respective parties shall use their best efforts to resolve the dispute. If a resolution cannot be reached, the matter will be referred to Lessor's Director of Finance and Lessee's Chief Administrative Officer, who in turn will use their best efforts to reach a resolution. If they are unable to do so, then the dispute will be referred to a panel of four mediators. Lessor and Lessee shall each appoint two persons to this panel and shall use their best efforts to appoint persons with the knowledge and expertise sufficient to resolve the dispute. If either party fails to appoint the two (2) mediators within thirty (30) days after such failure to resolve the dispute, the two (2) mediators appointed by the other party shall forthwith make a determination of the resolution of the dispute. If the two mediators are unable to agree within thirty (30) days after the appointment of the second mediator, the two mediators shall jointly nominate and appoint a third mediator within fifteen (15) days after the expiration of said 30-day period and give written notice of such appointment to both parties. If the two mediators fail to appoint such third mediator within said 15-day period, either party may thereafter apply to the United States District Court for the Northern District of Illinois for the appointment of such third mediator. The third mediator shall forthwith make a determination of the resolution of the dispute. If the four (4) mediators are appointed and are unable to agree upon the resolution of the dispute within thirty (30) days after the appointment of the fourth mediator, the four (4) mediators shall jointly nominate and appoint a fifth mediator within fifteen (15) days after the expiration of said 30-day period and give written notice of such appointment to both parties. If the four (4) mediators fail to so appoint such fifth mediator within said fifteen (15) day period, either party may thereafter apply to the United States District Court for the Northern District of Illinois for the appointment of such fifth mediator. The fifth mediator shall forthwith make a determination of the resolution of the dispute. The mediators shall make their determination of the resolution of the dispute in writing and give notice thereof to both parties. The mediators shall afford both parties a hearing and the right to submit evidence, with the privilege of cross-examination in connection with the determination of the resolution of the dispute. If any mediator appointed as aforesaid shall die or become unable or unwilling to act before completion of the determination of the resolution of the dispute, such mediator's successor shall be appointed in the same manner as provided above. Any mediator appointed hereunder shall be independent of both parties (and of all persons and entities with an interest in either party). The decision of the panel will be final and binding on the parties. Each party shall be responsible to pay one-half of the costs of the mediation.

27. Arbitration. With the exception of the matters covered by Paragraph 26 of this Agreement, all claims, disputes and other matters in question or controversy arising out of, or relating to, this Agreement or the breach thereof, may, at either party's election, be decided by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in existence.

Each party hereby consents to arbitration by consolidation or joinder with any entity or person such party deems necessary or desirable to resolve, decide or determine any claim, dispute, or other matters in controversy arising out of, or relating to, this Agreement or the breach thereof. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law.

The award rendered by the arbitrators shall be final, and judgment may be entered upon it in

any court having jurisdiction thereof. The arbitrators are hereby empowered to include in any award the reasonable attorney's fees and costs of the prevailing party, as they may deem appropriate.

28. Rights and Remedies. The duties and obligations imposed by this Agreement and the rights and remedies available hereunder shall be in addition to, and not a limitation of, the duties, obligations, rights and remedies otherwise imposed or available by law.

No action or failure to act by either party shall constitute a waiver of a right or duty afforded them under this Agreement, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

29. Notices. All notices, demands and submissions to be made or given pursuant to this Agreement shall be in writing and shall be deemed properly served if delivered by hand, or if mailed, postage prepaid, by United States certified or registered mail, return receipt requested, as follows:

If to Lessor, then to:

Maureen A. O'Brien
Manager, Real Estate
Archdiocese of Chicago
155 East Superior
Chicago, Illinois 60611

And if to Lessee, then to

Ms. Lori Woodman
Manager, Real Estate
Chicago Public Schools
125 South Clark Street
Chicago, Illinois 60603

With a copy to

Law Department
Chicago Board of Education
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
ATTN: General Counsel

Or to such other address or addressee as either party may give to the other in writing.

30. Miscellaneous.

a. Provisions typed on this Agreement and all riders attached to this Agreement and

signed by Lessor and Lessee are hereby made a part of this Agreement.

b. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to and are intended solely for the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

c. The rights and remedies hereby created are cumulative and the use of one remedy shall not be taken to exclude or waive the right to the use of another.

d. This Agreement embodies the entire agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained herein and this Agreement shall supersede all previous communications, representations or agreements, either verbal or written, between the parties hereto. No modification, waiver or amendment of this Agreement or any of its conditions or provisions shall be binding upon Lessor and Lessee unless in writing and signed by both parties.

e. The words "Lessor" and "Lessee" wherever used in this Agreement shall be construed to mean Lessors or Lessees in all cases where there is more than one Lessor or Lessee, and to apply to individuals, male or female, or to firms or corporations, as the same may be described as Lessor or Lessee herein, and the necessary grammatical changes shall be assumed in each case as though fully expressed.

f. The captions of Paragraphs and Subparagraphs are for convenience only and shall not be deemed to limit, construe, affect, or alter the meaning of such paragraphs.

g. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture or any association between Lessor and Lessee, it being expressly understood and agreed that no act of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship between landlord and tenant.

h. Interpretation of this Agreement shall be governed by the laws of Illinois.

i. Lessor and Lessee each represent and warrant that they have the power and authority to execute and deliver this Agreement and to perform all the covenants to be performed by it hereunder. Lessor represents and warrants that it holds fee simple title to the Premises.

j. In the event that Lessor or Lessee shall be delayed, burdened in, or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, rent restrictions, war, weather or the act, failure to act, or default of the other party, or any other reason beyond their control, the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

k. Except as otherwise specifically indicated, all references to Paragraphs, Subparagraphs and Clauses refer to Paragraphs, Subparagraphs and Clauses of this Agreement and all references to Exhibits refer to the Exhibits attached hereto. The words "herein," "hereof," "hereunder," "hereinafter" and words of similar import refer to this Agreement as a whole and not to any particular Paragraph or Subparagraph hereof. Unless expressly stated to the contrary, reference to a Paragraph includes all of the Subparagraphs contained therein. The terms "include" and "including" shall be construed as if followed by the phrase "without being limited to."

31. Severability. If any clause, phrase, provision or portion of this Agreement or the application thereof to any person or circumstance shall be invalid, or unenforceable under applicable law, such event shall not affect, impair or render invalid or unenforceable the remainder of this Agreement nor any other clause, phrase, provision or portion hereof, nor shall it affect the application of any clause, phrase, provision or portion hereof to other persons or circumstances, so long as the remainder of this Agreement expresses the intent of the parties.

32. **Board Approval.** This Agreement is subject to approval by the Board of Education of the City of Chicago.

WITNESS the hands and seals of the parties hereto, as of the date first set forth above.

CATHOLIC BISHOP OF CHICAGO,
a corporation sole

BY: Thomas M. Brennan
Thomas M. Brennan
Director of Finance

BOARD OF EDUCATION OF THE
CITY OF CHICAGO

BY: Michael W. Scott
Michael W. Scott
President

ATTEST: Mary Anne Murphy
Mary Anne Murphy
Assistant to the Director of Finance

ATTEST: Estela G. Beltran 1/31/06
Estela G. Beltran
Secretary

Board Report No.: 05-0622-OP4
Approved as to Legal Form: JK

Patrick J. Rocks
Patrick J. Rocks, General Counsel

EXHIBIT A

PREMISES

See Attached

EXHIBIT A-1

Schedule referenced in Paragraph 8(a)

Exhibit A

B of E CPS SCHOOL FISCAL YEAR 2011-2012	PARISH NAME	Square Footage	Annual Base Rent at \$6.51	Annual Janitorial at \$1.12	Annual Electric at \$0.87	Annual Heat at \$1.23	Total Annual Rent	Monthly Rent	1/3 Allocation
Zapatta	Good Shepard	23,942	\$155,862.42				\$155,862.42	\$12,988.54	\$51,954.14
Seward Branch	Holy Cross	26,913	\$175,203.63	\$30,142.56	\$23,414.31	\$33,102.99	\$261,863.49	\$21,821.96	\$58,401.21
Shields	Imm. Conception - 44th	33,265	\$216,555.15		\$28,940.55	\$40,915.95	\$286,411.65	\$23,867.64	\$72,185.05
North River School	Our Lady of Mercy	27,025	\$175,932.75				\$175,932.75	\$14,661.06	\$58,644.25
North River School - Gym	Our Lady of Mercy - Gym	16,087	\$104,726.37	\$18,017.44	\$13,995.69	\$19,787.01	\$156,526.51	\$13,043.88	\$34,908.79
McKay Branch	St. Adrian	10,053	\$65,445.03				\$65,445.03	\$5,453.75	\$21,815.01
Pasteur	St. Camillus	24,504	\$159,521.04	\$27,444.48	\$21,318.48	\$30,139.92	\$238,423.92	\$19,868.66	\$53,173.68
Talman	St. Clare de Montefalco	31,291	\$203,704.41		\$27,223.17	\$38,487.93	\$269,415.51	\$22,451.29	\$67,901.47
Clay	St. Columba	9,820	\$63,928.20		\$8,543.40	\$12,078.60	\$84,550.20	\$7,045.85	\$21,309.40
Ashburn	St. Denis	53,020	\$345,160.20				\$345,160.20	\$28,763.35	\$115,053.40
Gallistel Elementary	St. Francis de Sales	25,024	\$162,906.24		\$21,770.88	\$30,779.52	\$215,456.64	\$17,954.72	\$54,302.08
Gallistel Elementary	St. Francis de Sales H.S.	13,038	\$84,877.38	\$14,602.56	\$11,343.06	\$16,036.74	\$126,859.74	\$10,571.65	\$28,292.46
Belmont/Cragin	St. James	33,042	\$215,103.42		\$28,746.54		\$243,849.96	\$20,320.83	\$71,701.14
Second	St. John of God	22,378	\$145,680.78		\$19,468.86	\$27,524.94	\$192,674.58	\$16,056.22	\$48,560.26
Cesar Chavez	St. Joseph - Hermitage	21,753	\$141,612.03		\$18,925.11		\$160,537.14	\$13,378.10	\$47,204.01
Payton	St. Joseph - Orleans	7,737	\$50,367.87		\$6,731.19	\$9,516.51	\$66,615.57	\$5,551.30	\$16,789.29
Payton - Addl. Space (gym)	St. Joseph - Orleans	4,200	\$27,342.00		\$3,654.00	\$5,166.00	\$36,162.00	\$3,013.50	\$9,114.00
Thomas, V. Early Childhood	St. Maurice	14,293	\$93,047.43		\$12,434.91	\$17,580.39	\$123,062.73	\$10,255.23	\$31,015.81
Hedges Middle Branch	St. Michael the Arch.	10,224	\$66,558.24	\$11,450.88	\$8,894.88	\$12,575.52	\$99,479.52	\$8,289.96	\$22,186.08
Bridge	St. Priscilla	41,721	\$271,603.71		\$36,297.27	\$51,316.83	\$359,217.81	\$29,934.82	\$90,534.57
Fairfield Academy	St. Rita	54,608	\$355,498.08		\$47,508.96	\$67,167.84	\$470,174.88	\$39,181.24	\$118,499.36
Fairfield Academy - Gym	St. Rita - Gym	10,716	\$69,761.16		\$9,322.92	\$13,180.68	\$92,264.76	\$7,688.73	\$23,253.72
Hanson Branch	St. Stanislaus B&M	38,130	\$248,226.30		\$33,173.10	\$46,899.90	\$328,299.30	\$27,358.28	\$82,742.10
Reilly Branch	St. Wenceslaus	28,725	\$186,999.75		\$24,990.75	\$35,331.75	\$247,322.25	\$20,610.19	\$62,333.25
	SUB-TOTAL	581,509	\$3,785,623.59	\$101,657.92	\$406,698.03	\$507,589.02	\$4,801,568.56	\$400,130.71	\$1,261,874.53
Gallistel Elementary	St. Francis de Sales	4,704	\$18,063.36		\$2,493.12	\$3,528.00	\$24,084.48	\$2,007.04	\$6,021.12
	(hall/gym *3.84/sf)								
	GRAND TOTAL	586,213	\$3,803,686.95	\$101,657.92	\$409,191.15	\$511,117.02	\$4,825,653.04	\$402,137.75	

Master Base rate per sq. ft. **\$6.51**
 Electric rate per sq. ft. **\$0.87**
 Heat rate per sq. ft. **\$1.23**
 Janitorial rate per sq. ft. **\$1.12**

St. Frances de Sales rate increases by 61% of the master base rate
 Base rate per sq. ft. \$3.97
 Electric rate per sq. ft. \$0.53
 Heat rate per sq. ft. \$0.75
 \$4.94

REV 3/18/11
 adding McKay Branch back.

ST. MAURICE is now called BLESSED SACRAMENT
 VELMA THOMAS (F/K/A GREEN EARLY CHILDHOOD)

EXHIBIT A-1

BUDGET PLANNING NUMBERS

Fiscal Year 05-06	Parish Allocation	CPS Allocation
St. Timothy	(\$50,330.82)	\$1,283,834.98
St. Fidelis	(\$55,116.51)	\$404,072.99
St. James	(\$58,264.06)	\$900,952.44
St. Pancratius	(\$37,329.77)	\$668,683.23
Good Shepherd	(\$42,217.73)	\$443,630.27
Subtotal	(\$243,258.89)	\$3,701,173.91
Fee G.C. @ 5%		\$197,221.64
Total	(\$243,258.89)	\$3,898,395.55
Good Shepherd - CPS		\$80,000.00
		\$3,978,395.55
Fiscal Year 06-07	Parish Allocation	CPS Allocation
Our Lady of Fatima	(\$92,142.55)	\$575,150.45
St. Denis	(\$96,849.87)	\$632,455.63
St. Clare Montefalco	(\$55,883.21)	\$577,718.99
St. Stanislaus B & M	(\$69,650.80)	\$562,695.20
St. Francis de Sales	(\$45,710.51)	\$530,010.79
Holy Cross	(\$50,865.57)	\$366,626.23
St. Joseph	(\$23,000.00)	\$27,600.00
Immac Concep (44th)	(\$45,000.00)	\$54,000.00
Our Lady of Mercy	(\$50,805.09)	\$251,733.41
Subtotal	(\$529,907.60)	\$3,577,990.70
5% Yearly Increase		\$205,394.92
Subtotal	(\$529,907.60)	\$3,783,385.62
Fee G.C. @ 5%		\$215,664.66
Total	(\$529,907.60)	\$3,999,050.28
Fiscal Year 07-08	Parish Allocation	CPS Allocation
St. Maurice	(\$27,013.77)	\$384,686.53
St. Adrian	(\$19,000.17)	\$384,457.83
St. Michael	(\$19,323.36)	\$338,875.14
St. Columba	(\$18,559.80)	\$284,427.50
St. Wenceslaus	(\$52,471.00)	\$363,307.00
St. Timothy (P&E)	(\$53,946.27)	\$234,242.73
St. Fidelis (P&E, W)	(\$59,075.73)	\$579,930.77
St. James (P&E)	(\$62,449.38)	\$36,853.12
St. Pancratius (P&E)	(\$40,011.30)	\$123,531.20
Subtotal	(\$351,850.78)	\$2,730,311.82
10% Yearly Increase		\$308,216.26
Subtotal	(\$351,850.78)	\$3,038,528.08
Fee G.C. @ 5%		\$169,518.94
Total	(\$351,850.78)	\$3,208,047.02
Boiler Allowance 05-08		\$500,000.00
Note: These figures are subject to change based on the Annual Meetings between the Board and the Archdiocese.		

EXHIBIT B

SCHOOL PROPERTIES WHERE LESSOR PAYS FOR GAS AND/OR ELECTRICITY

See Attached

EXHIBIT B

SCHOOL PROPERTIES WHERE LESSOR PAYS FOR GAS AND/OR ELECTRICITY

PARISH NAME	CPS SCHOOL	School Address	Gas	Electric
Holy Cross	Seward Branch	4545 South Wood St.	YES	YES
Imm. Conception - 44th	Shields	4420 South Fairfield	YES	YES
Our Lady of Fatima	McKinley Park School	2744 Pershing Road	YES	YES
Our Lady of Mercy - Gym	North River Elementary - Gym	4416 North Troy St.	YES	YES
St. Camillus	Midway	5437 S. Lorel	YES	YES
St. Clare de Montefalco	Talman	5450 South Talman	YES	YES
St. Columba	Clay	3340 East 134th St.	YES	YES
St. Fidelis	Roque De Duprey	1405 N. Washtenaw Ave.	YES	YES
St. Francis de Sales	Gallistel Elementary	10200 South Ave. J	YES	YES
St. Francis de Sales - Gym	Gallistel Elementary - Gym	10201 South Ave. J	YES	YES
St. Francis de Sales High School	Gallistel Elementary	10155 S. Ewing Ave.	YES	YES
St. James	Belmont/Cragin	5730 West Fullerton Ave.	NO	YES
St. John of God	TBD	5114 S. Elizabeth	YES	YES
St. Joseph - North	Payton	1107 N. Orleans	YES	YES
St. Joseph - South	Cesar Chavez	4831 Hermitage	NO	YES
St. Maurice	Green	3625 South Hoyne	YES	YES
St. Michael the Arch	Hedges Middle branch	1954 West 48th St.	YES	YES
St. Rita	Fairfield Academy	6201 South Washtenaw	YES	YES
St. Rita - Gym	Fairfield Academy - Gym	6202 South Washtenaw	YES	YES
St. Stanislaus B&M	Hanson Branch	2318 N. Lorel	YES	YES
St. Timothy	Clinton Branch	6330 N. Washtenaw	YES	YES
St. Wenceslaus	Reilly Branch	3425 North Lawndale	YES	YES

EXHIBIT C

SCHOOL PROPERTIES WHERE LESSOR PROVIDES JANATORIAL SERVICES

See Attached

EXHIBIT C

SCHOOL PROPERTIES WHERE LESSOR PROVIDES JANITORIAL SERVICES

PARISH NAME	CPS SCHOOL	School Address	Janitorial
Holy Cross	Seward Branch	4545 South Wood St.	YES
Our Lady of Mercy - Gym	North River Elementary - Gym	4416 North Troy St.	YES
St. Camillus	Midway	5437 S. Lorel	YES
St. Fidelis	Rogue De Duprey	1405 N. Washtenaw Ave.	YES
St. Francis de Sales High School	Gallistel Elementary	10155 S. Ewing Ave.	YES
St. Michael the Arch	Hedges Middle Branch	1954 West 48th St.	YES
St. Timothy	Clinton Branch	6330 N. Washtenaw	YES

EXHIBIT D
SCHEDULE OF USAGE BY LESSOR

See Attached

EXHIBIT D

SCHEDULE OF USAGE BY LESSOR

PARISH NAME	SCHOOL NAME	SHARED USE
Good Shepherd	Zapatta	Saturday-Sunday, random weekday nights
Holy Cross	Seward Branch	Saturday-Sunday, basement used possibly 1-2 times per week
Imm. Conception - 44th	Shields	Saturday-Sunday, random weekday nights
Our Lady of Fatima	McKinley Park	Saturday-Sunday, random weekday nights
Our Lady of Mercy	North River Elementary	Saturday
St. Adrian	McKay Branch	None at this time.
St. Bride	Powell	None at this time.
St. Camillus	Midway	Friday - Sunday, random nights
St. Clare de Montefalco	Talman	Tuesday/Thursday night, Friday - Saturday, random nights
St. Columba	Clay	Random weekends & weeknights
St. Denis	Ashburn	Saturday-Sunday, random weekday nights
St. Fidelis	Roque De Duprey	Saturdays
St. Francis de Sales (gym also)	Gallistel Elementary	Saturdays-Sundays, also random times during year, sometimes used Sat. also; cafeteria/church hall - used by Parish on Tue by noon, & Wed. by noon for Food Pantry; St. Vincent de Paul uses for 2 extra days for Thanksgiving
St. Francis de Sales High School	Gallistel Elementary	None at this time.
St. James	Belmont/Cragin	Friday-Saturday, gym/hall used randomly thru week
St. John of God		None at this time.
St. Joseph - Hermitage	Cesar Chavez	4 nights a week
St. Joseph - Orleans	Payton	None at this time.
St. Maurice	Green	Saturday
St. Michael the Arch.	Hedges Middle Branch	None at this time.
St. Pancratius	Davis	Saturday and random nights during week
St. Rita	Fairfield Academy	Saturday-Sunday, weekday evenings
St. Stanislaus	Hanson Branch	Random weekends & weeknights
St. Timothy	Clinton Branch	Saturday-Sunday
St. Wenceslaus	Reilly Branch	Saturday-Sunday, random weekday nights

EXHIBIT E

SCHEDULE OF PAYMENT FOR REPAIRS

Repairs Billed to Tenant

EXHIBIT E

SCHEDULE OF PAYMENT FOR REPAIRS

Repairs Billed to Tenant	All Payments due
July, August, September	October 31
October, November, December	January 31
January, February, March	April 30
April, May	June 30
June	July 31

EXHIBIT F

SCHEDULE OF FINES FOR TERMINATION OF LEASE FOR A SCHOOL PROPERTY WITH
LESS THAN SIX (6) MONTHS NOTICE

See Attached

EXHIBIT F

SCHEDULE OF FINES FOR TERMINATION OF LEASE FOR A SCHOOL PROPERTY WITH LESS THAN SIX (6) MONTHS NOTICE

Notice of Termination Received	% of Rent Due for Next FY
January 1 - 31	75% of Rent
February 1 - 28	80% of Rent
March 1 - 31	85% of Rent
April 1 - 30	90% of Rent
May 1 - 31	95% of Rent

Exceptions include:

"No Child Left Behind"

If less than 6 months notification is received due to the "No Child Left Behind" policy, the following penalties apply:

Notice of Termination Received	% of Rent Due for Next FY
April 1 - 30	80% of Rent
May 1 - 31	85% of Rent