

LEASE AGREEMENT
FOR THE BUILDING LOCATED AT 6200 WEST
PATTERSON AVENUE, CHICAGO ILLINOIS
BETWEEN
MESSIAH LUTHERAN CHURCH AND SCHOOL, AS
LANDLORD
AND
THE BOARD OF EDUCATION OF THE CITY OF
CHICAGO, AS TENANT

DATED: AUGUST 1, 2011

LEASE AGREEMENT FOR THE LAND AND BUILDING LOCATED AT 6200 W. PATTERSON AVENUE, CHICAGO, ILLINOIS

THIS LEASE AGREEMENT ("Lease") is made as of this 1st day of August, 2011 ("Commencement Date") between MESSIAH LUTHERAN CHURCH AND SCHOOL ("Landlord") and the BOARD OF EDUCATION OF THE CITY OF CHICAGO, a body politic and corporate ("Tenant").

RECITALS:

A. Landlord is the owner of certain real estate located at 6200 W. Patterson Avenue, Chicago, Illinois, which is improved with a building ("Premises"). Landlord also owns the parking lot adjacent to the Premises ("Parking Lot").

B. Tenant desires to lease the Premises and to use fifteen (15) parking spaces within the Parking Lot ("Tenant Parking Spaces"), and Landlord desires to so lease the Premises and allow Tenant to use the Tenant Parking Spaces in the Parking Lot.

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

1. **GRANT/TERM.** Landlord hereby leases the Premises to Tenant and allows use of the Tenant Parking Spaces upon the terms and conditions hereinafter set forth, for a term commencing August 1, 2011 and ending on June 30, 2016 ("Term"). The parties hereby acknowledge and agree that the first year of the Term shall consist of eleven (11) months commencing August 1, 2011 and ending June 30, 2012 ("First Year Term"). Each year of the four (4) remaining years of the Term shall consist of twelve (12) months each commencing on the July 1 and ending June 30 of each of the remaining years of the Term ("Remaining Year Term").

2. **RIGHT OF EARLY TERMINATION.** The parties acknowledge and agree, after June 30, 2014, either party may terminate this Lease upon six (6) months prior written notice to the other party.

3. **USE.** To use as a school building for the purpose of relieving overcrowding at Smyser Elementary School located at 4310 N. Melvina Avenue, Chicago, Illinois ("Use").

4. **RENT.** In consideration of the leasing of the Premises as set forth above, Tenant covenants and agrees to pay to the Landlord, as rent for the First Year Term ("First Year Rent") the amount of One Hundred Eighty Thousand One Hundred and 00/100 Dollars (\$180,100.00). The Rent for each month of the First Year Term shall be paid as follows: (i) the first monthly Rent payment shall be in the amount of Fifty Five Thousand One Hundred and 00/100 Dollars (\$55,100.00), consisting of a lump sum partial First Year Rent payment in the amount of Forty-Two Thousand Six Hundred and 00/100 (\$42,600.00) Dollars, plus the first year monthly Rent payment of Twelve Thousand Five Hundred and 00/100 Dollars (\$12,500.00) ("First Year Monthly Rent") and thereafter, throughout the remainder of the First Year Term, Tenant shall pay to Landlord, on a monthly basis, the First Year Monthly Rent in the amount of \$12,500.00; (ii) commencing July 1, 2012, and commencing on each one (1) year anniversary of such date, Tenant shall pay as rent for each remaining year of the Term ("Remaining Years Term") the amount One Hundred Ninety Two Thousand Six Hundred and 00/100 Dollars (\$192,600.00, on a monthly basis, Rent in the amount of Sixteen Thousand Fifty and 00/100 Dollars (\$16,050.00) ("Remaining Term Monthly Rent"). Notwithstanding anything contained herein to the contrary, the parties acknowledge and agree that Rent for the entire Term shall not exceed a maximum amount of Nine Hundred Fifty Thousand Five Hundred and 00/100 Dollars (\$950,500.00).

5. **ADDITIONAL RENT.** The Tenant shall, upon invoice and pertinent documentation requested from Landlord, in its usual course of business, reimburse Landlord for the actual cost of heat, electricity, telecommunications and garbage and snow removal for that portion of the parking lot adjacent to the Premises that Tenant will use for daily parking; as well as any other services reasonably necessary to operate the Premises for the Use ("Additional Rent"). Provided, however, Tenant may, upon written notice to Landlord, pay any or all service providers directly for all or some of the aforementioned charges. The parties acknowledge and agree that the cost of heat, electricity, telecommunications and garbage and partial snow removal, or any other services reasonably necessary to operate the Premises for the Use is estimated to be Seventy Thousand and 00/100 Dollars (\$70,000.00) per year.

6. **TENANT IMPROVEMENTS.** The parties acknowledge and agree that Tenant shall have the right to make improvements to the Premises with Landlord's consent.

7. **OPERATIONS AND MAINTENANCE.** Throughout the Term, and in addition to paying for the services provided in exchange for the Additional Rent, Tenant shall be responsible for providing janitorial services and normal maintenance for the Premises.

8. **QUIET ENJOYMENT.** Landlord covenants that Tenant shall have the right to peacefully and quietly have, hold and enjoy the Premises without any encumbrance or hindrance by or from Landlord, its agents, employees, successors and assigns.

9. **SURRENDER OF PREMISES UPON TERMINATION.** Upon termination of this Lease, by lapse of time or otherwise, the Tenant shall have the privilege, without liability in any way accruing against it, to remove any and all of its properties, supplies, and equipment of all kinds from the Premises.

10. **INSURANCE.**

A. Tenant self-insures with regard to liability and property damage for at least the first Two Million and 00/100 Dollars (\$2,000,000.00) and Tenant agrees that it shall maintain such self-insurance or obtain policies in like amount throughout the Term.

B. Landlord agrees to purchase and keep in full force and effect throughout the Term, including any extension or renewals thereof, insurance under policies issued by insurers of recognized responsibility, qualified to do business in State of Illinois on the Premises, all Tenant Improvements and the adjacent parking lot in amounts not less than the greater of the then full replacement cost (without depreciation) of the Premises (above foundations), or an amount sufficient to prevent Tenant from becoming a co-insurer under the terms of the applicable policies, against fire and such other risks as may be included in standard forms of fire and extended coverage insurance available from time to time. The policy shall name Tenant as an additional insured and shall contain a clause that the insurer will not cancel, change or fail to renew the insurance without first giving Tenant thirty (30) days prior written notice. Said insurance shall be in form, and carried with responsible companies, reasonably satisfactory to Tenant. The policy or a duly executed certificate for the same (which shall be binding on the insurer and evidence of the insurer's waiver of subrogation) together with satisfactory evidence of the payment of the premium thereon, shall be provided to Tenant on or before the Commencement Date. If Landlord fails to comply with such requirements, Tenant may obtain such insurance and keep the same in effect throughout the Term, and Landlord shall pay Tenant the premium cost thereof upon demand, or Tenant may deduct the cost of such insurance from Rent and/or Additional Rent due and payable hereunder.

11. **LANDLORD DEFAULT.** If Landlord is in default under this Lease and such default shall continue for thirty (30) days after Tenant has notified Landlord, by written notice, of such default, unless in the case of a default which cannot be remedied within thirty (30) days where Landlord shall have commenced and shall be diligently pursuing all necessary action to remedy such default, the Tenant may, but shall not be obligated to, cure the default itself and deduct the cost and expense of such cure from the Rent and/or Additional Rent due and payable under this Lease; or immediately terminate this Lease by providing Landlord written notice as provided for herein.

12. **TENANT DEFAULT.** If the Tenant is in default under this Lease and such default shall continue for thirty (30) days after Landlord has notified the Tenant by written notice of such default, unless in the case of a default which cannot be remedied within thirty (30) days where Tenant shall have commenced and shall be diligently pursuing all necessary action to remedy such default, the Landlord may but shall not be obligated to cure the default, or elect to terminate this Lease by providing Tenant written notice as provided for herein. Termination under this Section 12 shall only be effective as of the end of the regular school year.

13. **CASUALTY AND CONDEMNATION.** If the Premises are made untenable by fire or other casualty, or taken by any governmental entity pursuant to its power of eminent domain, the Landlord or Tenant may elect to terminate this Lease as of the date of the fire or other casualty or the taking by eminent domain, by written notice to the other party within thirty (30) days after the date of the fire or other casualty, or in the case of eminent domain, by notice delivered as soon as reasonably possible after a party receives notice or otherwise becomes aware of such proceedings. Rent and Additional Rent shall abate as of the date of the casualty or taking, and if there is any award or payment by the condemning governmental entity, Tenant shall not be entitled to any portion thereof. Landlord agrees to promptly notify Tenant if it receives any notice of proposed taking by a governmental entity pursuant to eminent domain.

14. **INDEMNIFICATION.**

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

15. **SUBLEASE/ASSIGNMENT.** Tenant shall have the right to sublease or assign its rights to all or any part of the Premises for purposes not inconsistent with the Use for which Tenant has leased the Premises from Landlord.

16. **SECURITY.** Tenant shall establish and maintain reasonable security measures appropriate to reasonably protect the Premises, individuals properly present at the Premises, and the personal property located thereon.

17. **NOTICES.** All notices and other communications given pursuant to this Lease shall be in writing and shall be deemed properly served and effective (a) as of the day of delivery if delivered in person, by messenger,

overnight delivery service or a party's attorney or agent, or (b) on the third (3rd) day after deposit in the U.S. mail as registered or certified mail, return receipt requested, postage prepaid. All notices shall be addressed as follows:

If to Landlord: MESSIAH LUTHERAN CHURCH and SCHOOL
6201 W. Patterson Avenue
Chicago, Illinois 60634
Contact: Barbara Lattyak
Phone No: 773-725-8903

If to Tenant: BOARD OF EDUCATION OF THE CITY OF CHICAGO
Operations and Facilities Department
125 South Clark Street, 17th Floor
Chicago, Illinois 60603
Attention: Chief Operating Officer

With a copy to: BOARD OF EDUCATION OF THE CITY OF CHICAGO
Law Department
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
Attention: Patrick J. Rocks, General Counsel

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

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

19. **SUCCESSORS AND ASSIGNS.** This Lease shall inure to the benefit of and be binding upon the respective parties hereto and their respective successors and assigns.

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

21. **SEVERABILITY.** If any provisions of this Lease is (are) determined to be legally invalid, the parties hereto agree that particular provision shall be null and void, but that the remainder of this Lease shall remain in full force and effect.

22. **CONFLICT OF INTEREST.** This Agreement is not legally binding on the Tenant if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

23. **INDEBTEDNESS.** Landlord agrees to comply with the Tenant's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as may be amended from time to time, which policy is hereby incorporated by reference as if fully set forth herein.

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

25. **INSPECTOR GENERAL.** Each party to this Agreement 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.


26. **ETHICS.** The Tenant's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time is incorporated by reference as if fully set for the herein.

IN WITNESS WHEREOF, the parties have set their hands and seals as the first day of August, 2011.

TENANT:

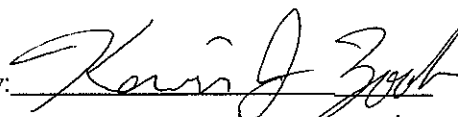
BOARD OF EDUCATION OF THE
OF CHICAGO


David J. Vitale, President

Attest: 
Estela Beltran, Secretary 8/16/11

LANDLORD:


MESSIAH LUTHERAN CHURCH AND CITY
SCHOOL

By: 

Name: Kevin Zook

Chairperson
Its: Board of Trustees

Attest:

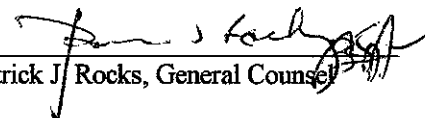
By: 

Name: MARK LATHYAK

Title: Trustee

Board Report: 11-0525-OP5-1

Approved as to legal form:


Patrick J. Rocks, General Counsel