



**BullDog Properties, LLC**  
1300 Bull Valley Drive  
Woodstock, IL  
(312) 953-5063  
Fax (815)527-8000

**VIA EMAIL**

August 31, 2017

Mr. Bud O'Connor  
Senior Director  
Marc Reality  
55 East Jackson Blvd.  
Suite 500  
Chicago, IL 60604

**Re: Chicago Classical Academy ("Tenant")  
2545 South Martin Luther King Jr., Drive  
Chicago, Illinois 60603**

Dear Bud:

In response to your request for a proposal, BullDog Properties, LLC on behalf of King Sykes, LLC ("Landlord") is pleased to present the following proposal for Chicago Classical Academy ("CCA" or "Tenant") occupancy 2545 South Martin Luther King Jr., Drive ("Building").

- 1. Tenant: Chicago Classical Academy**
- 2. Building: 2545 South Martin Luther King Jr., Drive  
Chicago, Illinois 60603**

A. Ownership:

King Sykes, LLC is a private investment group, single purpose entity.

B. Management:

MB Asset Management, LLC. manages the Building on behalf of the Landlord.

- 3. Premises:** Approximately 46,222 rentable square feet ("rsf") located on the 1<sup>st</sup> and 2<sup>nd</sup> floors of the 2545 South Martin Luther King Jr., Drive Building ("building").

**Suite 100 and 200**

Usable square feet: 1<sup>st</sup> floor 20,295 USF, 2<sup>nd</sup> Floor 20,974 USF

Rentable square foot: 1<sup>st</sup> Floor 22,732 RSF, 2<sup>nd</sup> Floor 23,491 RSF

- 4. Use:** Elementary School grades K-6<sup>th</sup>, General, administrative and executive offices.
- 5. Lease Commencement Date:** Upon full execution and delivery of a lease document satisfactory to the parties.
- 6. Rent Commencement Date:** To be Determined
- 7. Lease Term:** Ten Years (10) years effective upon the Rent Commencement Date.
- 8. Early Occupancy:** Tenant shall be allowed Early Occupancy effective July 1, 2018, subject to the premises being vacated by Advocate, to allow for furniture, fixtures and equipment move-in. Tenant shall not be charged any rent for its Early Occupancy other than occupancy costs such as utility costs, janitorial charges, etc.
- 9. Landlord Delays:** Landlord to address in Lease document.
- 10. Base Net Rent:** **Suite 100 & 200:** \$18.50 per rsf on a net basis, subject to annual financial escalations as set forth below.
- 11. Base Rent Escalation:** The Base Net Rental Rate shall increase by 3% per annum beginning on the first anniversary of the Rent Commencement Date and each anniversary thereafter.
- 12. Rent Abatement:** Landlord shall provide Tenant with Ten (10) months of Net Rent abatement effective upon the Rent Commencement Date.
- 13. Real Estate Taxes and Operating Expenses:** Tenant shall pay its proportionate share of the Building's Real Estate Taxes and Operating Expenses as a 100% pass through. Set forth below are the Building's Real Estate Taxes and Operating Expenses itemized on a per rsf basis.

| <u>Year</u> | <u>Taxes</u> | <u>Expenses</u> |
|-------------|--------------|-----------------|
| 2017 Est    | \$4.12       | \$8.12          |
| 2018 Est.   | \$4.22       | \$8.30          |

Tenant's audit rights and the specific definitions for Real Estate Taxes and Operating Expenses will be addressed in the lease. Landlord will agree to only gross up those expenses which vary with occupancy to reflect the Building at 100% occupancy. Landlord will agree not to gross up Taxes.

- 14. Tenant Improvement Allowance:** Contingent upon receipt of construction estimates, Landlord, at Landlord's sole cost and expense, shall construct the Premises on a "turn-key" basis based upon a mutually acceptable plan created by Form Design, LLC. Tenant agrees to work diligently with Landlord to develop detailed construction drawings in order to accurately reflect the agreed scope of work prior to lease execution. Tenant shall be responsible for costs incurred as a result of change orders to the agreed upon plans except



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that any changes necessitated by Landlord or Landlord's contractor's error shall be Landlord's responsibility.

IN NO EVENT SHALL THE TURNKEY CONSTRUCTION BUDGET EXCEED \$50.00 PER RSF FOR THE WORK OUTLINED BELOW:

Landlord's work shall include -

- All partition walls, electrical (exclusive of special data room requirements)
- HVAC work (exclusive of special data room requirements which shall include but not be limited to supplemental air conditioning, back-up power systems and electrical work)
- Paint
- Carpet
- General tele/data conduit placement (**does not include telephone / data wiring and or equipment**)
- Demising wall partitions
- Doors
- Entry Door
- Window Blinds
- Plumbing, sink and cabinetry

**15. Base Building Condition:**

Landlord shall deliver the Premises in the current "as-is" condition.

**16. Initial Space Planning:**

Landlord shall enter into a separate agreement with Landlord's architect for space planning services. Landlord will pay for Tenant's space planning including \$.10 per square foot for an initial plan and \$.05 per square foot for two revisions.

**17. Alterations:**

Tenant will have the right to make minor alterations to the Premises, which are not structural in nature, including painting and carpeting, without the prior consent of Landlord, so long as said minor alterations do not exceed \$25,000.

Landlord will have the right to consent, which consent will not be unreasonably withheld, to all non-decorative alterations. Notwithstanding the foregoing, Tenant will reimburse Landlord for any third-party costs relating to Landlord's review, if any.

**18. Electricity:**

Electricity is included in the Operating Expenses. Each tenant pays their proportionate share of buildings electrical consumption. The building is "all electric" inclusive of lights and heating. All costs associated with installing, maintaining, repairing, or replacing meters in the Premises shall be borne solely by Landlord.

The Building's electrical capacity is 5 watts per usable square foot for tenants' overhead lighting and outlets. Electrical risers feed vaults on each floor for both 120/280V service and 480/277V service. Electricity is currently provided by Constellation New Energy.

**19. Ongoing Right of First Offer:**

Provided Tenant is not in default under the lease and subject to any existing tenants' rights, Tenant shall have a right of first offer on any contiguous vacant space in the 2545 Building. Prior to Landlord's leasing such space to a third party, Landlord shall provide Tenant with a notice detailing the terms and conditions upon which it intends to lease such space. Tenant shall have five (5) days to accept or reject such offer. If Tenant declines to lease such space and Landlord does not conclude a lease transaction for such space within 270 days, Landlord will re-offer such space to Tenant.

**20. Renewal Options:**

Provided Tenant is not in default under the lease and subject to any existing tenants' rights, Tenant shall have one (1), five (5) year option to renew the lease with twelve (12) months prior written notice to Landlord. Such option shall be at 100% of the then prevailing market rates taking into consideration then market concessions and the improvements already in place. To the extent Landlord and Tenant do not agree on the market rate within thirty (30) days of Tenant's renewal notice, Tenant shall have the option to withdraw the exercise of such option.

**21. Sublease & Assignment:**

Tenant may assign or sublease as set forth below:

1) Tenant may assign the lease of its demised Premises to any entity resulting from a merger or consolidation or any entity succeeding to the assets of Tenant provided such succeeding entity has a net worth equal to or greater than that of Tenant and provided further that Tenant notifies Landlord in writing.

2) Tenant may also sublet its Premises to any subsidiary or affiliate with Landlord consent and without Landlord's right to recapture.

Any other assignment or sublease is subject to Landlord's right of recapture. If Landlord does not recapture, any assignment or sublease must be approved by the Landlord. Tenant shall reimburse Landlord for any out-of-pocket costs incurred by Landlord in connection with any sublease or assignment. Profits, if any, will be split 50% to Tenant and 50% to the Landlord.

All rights and options called out in this proposal are not transferable to subtenants or assignees.

**22. Security Deposit:**

Subject to Landlord's review of Tenant's most recent financial statements. Please provide accordingly.



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- 23. Janitorial Services:** Landlord shall provide cleaning services to Tenant's Premises on all weekdays (excluding Observed Holidays), which will be addressed in the lease document. Such cost shall be a component of Operating Expenses.
- 24. Relocation Rights:** Landlord shall not have the right to relocate Tenant during the term of the lease or any renewal periods.
- 25. Zoning:** The CCA and Landlord acknowledge that there is a risk of the City of Chicago Department of Planning and Zoning may deny a Charter School Use. King Sykes, LLC and BullDog Properties, LLC encourages CCA to consult with their counsel in order to fully understand the challenges, if any, related to the proposed occupancy.
- 26. Signage:** Tenant and its employees shall be listed in the Building's lobby directory and may install, at Tenant's expense, a sign(s) on the exterior of the building, upon Landlord's approval, which may not be unreasonable withheld and consistent with zoning laws.
- 27. Elevators:** No charge for freight elevator for Tenant's initial move-in and furniture delivery to the Premises.
- 28. Heating, Ventilation & Air Conditioning:** Standard HVAC hours of operation are 8:00 a.m. to 6:00 p.m. on weekdays and 8:00 a.m. to 1:00 p.m. on Saturdays, excluding Observed Holidays. Landlord requires 24-hour prior notice for after-hours HVAC use. Services will be provided at Landlord's standard rates, which are have yet to be determined per floor for heating, air and ventilation.
- 29. Telecommunications:** Fiber is currently provided through Comcast to the existing tenant.
- 31. Hazardous Materials:** To Landlord's current actual knowledge, the Building does not contain any hazardous materials with the exception of those materials that are utilized in the normal operations of the Building or VAT present in occupied tenant areas. Tenant shall be responsible, at its expense, for all matters arising or resulting from the presence of hazardous materials in the Building caused or permitted by a Tenant Party.
- 32. Life Safety Systems:** Currently, there is an annunciator system located in the 2545 Building lobby and is monitored 24 hours a day by Advanced Fire and Security. Pursuant to CCA's occupancy, the building may have to be protected by an automatic fire sprinkler system, which the landlord is prepared to address for code

compliance. There is an emergency generator for Building Systems.

- 33. Building Security:** The Buildings is staffed during normal Building Operating hours. Landlord recognizes the Tenant may have specific security needs unique to a School. Landlord will work with Tenant's needs to address security or Tenant may provide their own security.
- 34. Building Amenities:** Landlord will make the outdoor area between the 2545 and 2555 Building, secured by a fence for the exclusive use of CCA. There is an additional area on the west side of the 2545 Building was can address for the schools use.
- 35. Floor Loads:** 70 lbs. per usable square foot live load; 20 lbs. per usable square foot partition load.
- 36. Agency:** Lessor acknowledges that Lessor has been informed, both orally and by this written disclosure, that: (1) Marc Reality, is acting on behalf of Tenant of the real estate; and (2) information given to the Agent by Lessor may be disclosed to Tenant.
- 37. Brokerage:** If a Lease is executed by Landlord and Tenant, Landlord shall pay a standard commission to Marc Reality pursuant to a separate agreement based upon Landlord's standard commission agreement.
- 38. Non-Binding:** This proposal is non-binding, subject to, and contingent upon the mutual execution and unconditional delivery of a lease and related documents and must be satisfactory to Landlord, Landlord's Lender, and Tenant. The terms and conditions of this proposal shall expire without further notice at ten (10) days from the date of this proposal at 5:00 PM.

Bud, we are sincerely interested in pursuing future discussions with Chicago Classical Academy regarding their tenancy at 2545 South Martin Luther King, Jr., Drive. Please ask CCA to assess the risk that may be posed due to the Alderwomen's stance on the use, pursuant to the August 28, 2017 email.

Very truly yours,

**BULLDOG PROPERTIES, LLC**

Brett Walrod

c: S. Disse, M. Madura, J. Devine



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