REPURPOSING SCHOOL BUILDINGS

CPS REAL ESTATE DISPOSITION PROCESS

State Statute Requirements for the Disposition of Real Estate

The Illinois School Code sets forth the process by which Chicago Public Schools may sell real estate. Specifically, 105 ILCS 5/34-21 provides that CPS must publicly advertise its intent to sell such real estate and solicit bids for purchase. For each property, CPS may then (i) accept the highest responsible bid, (ii) reject any and all bids, or (iii) negotiate separately with the two (2) highest and best bids, provided such negotiations do not result in a reduction or devaluation of the terms of the sale.

Transfer of Ownership

Both the Public Building Commission of Chicago (“the PBC”) and the City of Chicago (“the City”) hold title to real property in trust for CPS. Most of the parcels associated with the buildings and sites to be repurposed are held in title by the PBC. In order for CPS to transfer ownership of its real property to another entity, the Board of Education of the City of Chicago (“the Board”) must first approve the conveyance. Once the conveyance has been approved by the Board, the Board will request the PBC or the City issue a deed to the pursuant to the approved transaction. Depending on the holder of title, the deed is issued after either the PBC receives approval from its board of commissioners or the City receives approval from City Council.

Broker Representation

CPS may engage the services of a licensed real estate broker in connection with the sale of real estate. CPS will retain the services of a real estate broker (or brokers) for the sale of the real estate to be repurposed. Such brokers shall assist CPS in providing members of the community and interested parties with ongoing, immediate access to the buildings. Any brokers representing CPS shall be retained in accordance with applicable procurement laws and rules, including but not limited to a public Request for Proposals process. The Illinois School Code (105 ILCS 5/34-21) provides that payment of the broker commission shall be contingent upon the sale of the property.

Examples of CPS Property Sales

The following pages include examples of properties sold pursuant to CPS’ disposition process in recent years¹. All dispositions are approved by the Chicago Board of Education and posted publicly at: http://www.cpsboe.org/meetings/past-meetings.

¹ The examples provided are for sites improved with former school buildings. The buildings were closed prior to 2013 and were not part of the 2013 school actions or the repurposing portfolio subject to the Mayor’s Advisory Committee’s recommendations.
THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

That the Board request the Public Building Commission ("PBC") convey to Svigos, LLC, an Illinois limited liability company ("Purchaser"), the land located at 1955 North Sheffield Avenue, Chicago, Illinois ("Property") as further described herein. The Offer to Purchase Real Estate contained in the bid solicitation which has been executed by the Purchaser will convert to a contract upon acceptance and execution by the Board. Information pertinent to this agreement is stated below.

LEGAL DESCRIPTION & PIN: See the attached Exhibit A.

BID INFORMATION: In accordance with 105 ILCS 5/34-21, the Property was advertised for sale from January 18, 2013, through March 1, 2013. Bids were received by the Procurement Department by 2:00 p.m. on March 1, 2013 and opened on the same date. The following 7 bids were received:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Offer</th>
<th>Date received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Svigos, LLC</td>
<td>$4,025,000</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>2. Morningside Equities Group, Inc.</td>
<td>$3,211,500</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>3. Lakewest, Inc.</td>
<td>$2,610,100</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>4. MMT Investments, Inc.</td>
<td>$2,200,000</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>5. First American Properties, LLC</td>
<td>$1,500,000</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>6. EDC Development, LLC</td>
<td>$1,500,000</td>
<td>March 1, 2013</td>
</tr>
<tr>
<td>7. Second City Acquisitions, LLC</td>
<td>$712,500</td>
<td>March 1, 2013</td>
</tr>
</tbody>
</table>

On March 12, 2013, the highest 2 bidders were asked to re-submit best and final bids. On April 3, 2013, the following two best and final bids were received:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Offer</th>
<th>Date received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Svigos, LLC</td>
<td>$4,025,000</td>
<td>April 3, 2013</td>
</tr>
<tr>
<td>2. Morningside Equities Group, Inc.</td>
<td>$3,211,500</td>
<td>April 3, 2013</td>
</tr>
</tbody>
</table>

APPRAISAL: On May 6, 2013, an appraisal was made for the benefit of the Board for this property indicating a fair market value as follows:

- Appraiser: Appraisal Associates (WBE)
- Market Value: $3,450,000

RECOMMENDATION AND USE RESTRICTION: The Property is not needed for school purposes. The sale of the Property is in the best interests of the Board in accordance with 105 ILCS 5/34-21 (2011). The PBC shall include a restrictive covenant in the deed prohibiting the Property for being used for kindergarten through high school (K-12) purposes for 40 years from the date of the deed unless the restriction is released by the Chicago Board of Education. Title to the Property will automatically transfer to and vest in the City of Chicago in Trust for Use of Schools if the restrictive covenant is breached without the Board of Education's express written approval. The property shall be sold "as is, where is." The appraisal and the bids received were reviewed and it is recommended that the following bid be accepted:

- Name: Svigos, LLC
- Address: 580 North Bank Lane, Suite 33, Lake Forest, Illinois 60045
- Contacts: Nick Vittore, (847) 735-0656
- Original Offer: $4,025,000
- Deposit: $402,500
- Best & Final Offer: $4,025,000

AUTHORIZATION: Authorize the President and Secretary to execute the Offer to Purchase agreement and to modify the legal description if necessary upon receipt of a title commitment and survey. Authorize the PBC to issue a deed in favor of Svigos, LLC. Authorize the General Counsel to take any and all actions required to effectuate this transaction. Authorize the General Counsel and Chief
Operating Officer to execute any and all ancillary documents required to administer or effectuate this transaction.

AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: Local School Council approval is not applicable to this transaction.

FINANCIAL: Proceeds (Purchaser’s best and final offer, less closing costs) to be credited to the General Fund.

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge 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.

Conflicts – The agreement shall not be legally binding on the Board 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.

Indebtedness – The Board’s Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Patricia L. Taylor
Chief Operating Officer

Approved as to legal form:

James Bebley
General Counsel

Approved:

Barbara Byrd-Bennett
Chief Executive Officer
EXHIBIT A

PROPERTY COMMON ADDRESS:
1855 NORTH SHEFFIELD AVENUE, CHICAGO, ILLINOIS

PIN:
14-32-411-005

LEGAL DESCRIPTION:
LOTS 27 TO 34 IN SUBBLOK 4 OF BLOCK 5 IN SHEFFIELD ADDITION TO CHICAGO IN THE SOUTHWEST 1/4 CF SECTION 29, SOUTHEAST 1/4 AND SOUTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 31, ALL OF SECTION 32 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY ILLINOIS.

The Board may modify the legal description if necessary upon receipt of a title commitment and survey.
DISPOSITION OF BIDS RECEIVED FOR THE SALE OF LAND
LOCATED AT 2317 W 23rd PLACE

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

That the Board request the Public Building Commission ("PBC") convey to Linda Elvera Lopez, an Illinois resident ("Purchaser"), the land located at 2317 West 23rd Place, Chicago, Illinois ("Property") as further described herein. The Offer to Purchase Real Estate contained in the bid solicitation which has been executed by the Purchaser will convert to a contract upon acceptance and execution by the Board. Information pertinent to this agreement is stated below.

LEGAL DESCRIPTION & PIN: See the attached Exhibit A.

BID INFORMATION: In accordance with 105 ILCS 5/34-21, the Property was advertised for sale from April 1, 2013, through May 15, 2013. Bids were received by the Procurement Department by 2:00 p.m. on May 15, 2013, and opened on the same date. The following 2 bids were received:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Offer</th>
<th>Date received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Elvera Lopez</td>
<td>$80,000</td>
<td>May 15, 2013</td>
</tr>
<tr>
<td>Miguel Chacon</td>
<td>$250,000</td>
<td>May 15, 2013</td>
</tr>
</tbody>
</table>

On May 20, 2013, the highest 2 bidders were asked to re-submit best and final bids. On June 20, 2013, the following two bids: and final bids were received:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Offer</th>
<th>Date received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Elvera Lopez</td>
<td>$325,000</td>
<td>June 20, 2013</td>
</tr>
<tr>
<td>Miguel Chacon</td>
<td>$300,000</td>
<td>June 20, 2013</td>
</tr>
</tbody>
</table>

APPRaisal: On July 10, 2013, an appraisal was made for the benefit of the Board for this property indicating a fair market value as follows:

Appraiser: KMD Valuation Group, LLC
Market Value: $330,000

RECOMMENDATION AND USE RESTRICTION: The Property is not needed for school purposes. The sale of the Property is in the best interests of the Board in accordance with 105 ILCS 5/34-21 (2011). The PBC shall include a restrictive covenant in the deed prohibiting the Property for being used for kindergarten through high school (K-12) purposes for 40 years from the date of the deed unless the restriction is released by the Chicago Board of Education. Title to the Property will automatically transfer to and vest in the City of Chicago in Trust for Use of Schools if the restrictive covenant is breached without the Board of Education’s express written approval. The property shall be sold "as is, where is." The appraisal and the bids received were reviewed and it is recommended that the following bid be accepted:

Name: Linda Elvera Lopez
Address: 6901 Riverside Drive, Berwyn, Illinois 60402
Contact: Linda Elvera Lopez
Original Offer: $80,000
Best & Final Offer: $325,000

AUTHORIZATION: Authorize the President and Secretary to execute the Offer to Purchase agreement and to modify the legal description if necessary upon receipt of a title commitment and survey. Authorize the PBC to issue a deed in favor of Linda Elvera Lopez. Authorize the General Counsel to take any and all actions required to effectuate this transaction. Authorize the General Counsel and Chief Operating Officer to execute any and all ancillary documents required to administer or effectuate this transaction.
AFFIRMATIVE ACTION: Exempt.

LSC REVIEW: Local School Council approval is not applicable to this transaction.

FINANCIAL: Proceeds (Purchaser's best and final offer, less closing costs) to be credited to the Debt Service Fund.

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge 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.

Conflicts – The agreement shall not be legally binding on the Board 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.

Indebtedness – The Board’s Indebtedness Policy adopted June 26, 1996 (96-0628-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Patricia L. Taylor  
Chief Operating Officer

Approved as to legal form:

James Bebly  
General Counsel

Approved:

Barbara Byrd-Bennett  
Chief Executive Officer
EXHIBIT A

PROPERTY COMMON ADDRESS:
2317 West 23rd Place, Chicago, Illinois

PIN:
17-30-112-037 & 17-30-112-039

LEGAL DESCRIPTION:

PARCEL 1:
THE EAST 78.0 FEET OF THE WEST 115.0 FEET OF THE FOLLOWING TAKEN AS TRACT; LOTS 57 TO 66 BOTH INCLUSIVE, IN CHILD'S SUBDIVISION OF LAUGHTON, A SUBDIVISION OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS.

PARCEL 2:
LOTS 57 TO 66 BOTH INCLUSIVE (TAKEN AS A TRACT) IN CHILD'S SUBDIVISION OF LAUGHTON, A SUBDIVISION OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 30, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT FROM SAID TRACT THAT PART THEREOF LYING WEST OF THE FOLLOWING DESCRIBED LINES: BEGINNING AT A POINT ON THE NORTH LINE OF SAID TRACT 90.0 FEET WEST OF THE NORTHEAST CORNER THEREOF; THENCE SOUTH AT RIGHT ANGLES THERETO 75.28 FEET; THENCE WEST AT RIGHT ANGLES THERETO 6.82 FEET; THENCE SOUTH 49.0 FEET TO A POINT ON THE SOUTH LINE OF SAID TRACT 96.81 FEET WEST OF THE SOUTHEAST CORNER THEREOF) ALL IN COOK COUNTY, ILLINOIS.

The Board may modify the legal description if necessary upon receipt of a title commitment and survey.