

LEASE OF SPACE, 500 WATERS EDGE, LOMBARD, ILLINOIS

Background:

1. DSCC has occupied 4,200 square feet in a building located in Darien, Illinois since the early 1990's. This is a regional office for DSCC. The lease expires July 31, 2008.
2. DSCC's space needs have increased to approximately 6,000 SF.
3. The University conducted a space search (a formal RFI was not required), to which there were three respondents. The Darien landlord did not respond to the search solicitation because it did not have space to accommodate DSCC's needs.
4. Primary factors in analyzing the lease proposals were:
 - a. sufficiency of space to minimize duplication of services areas and maximize efficiency of workgroups;
 - b. accessibility to parking;
 - c. traffic considerations for client access and commuting;
 - d. lease rates;
 - e. condition of space and financial requirements to remodel for use; and,
 - f. reputation and experience of landlord in operations and maintenance of commercial properties.
5. DSCC proposes entering into a lease with SMII Oak Creek/LP, L/P. in Oak Creek Center located at 500 Waters Edge in Lombard, Illinois (the "Leased Premises"). The lease would comprise 6,255 contiguous square feet, with parking provided at the rate of 4 spaces per 1,000 SF.
6. For the proposed Lease, the starting net Base Rental rate is \$17.00 PSF, escalating at \$.50 annually over a 5 year term. Common area charges (including utilities) are estimated at approximately \$7.32 PSF for 2008. Common area charges include operating costs, insurance and real estate taxes. Therefore, the Year One Gross Rental Rate PSF is \$24.32. The comparable buildings responding to the solicitation quoted \$30.06 PGSF and \$30.35 PGSF.
7. The landlord is providing an allowance towards tenant improvements of \$206,415.00 (\$33.00 PSF). Should the cost of tenant improvements be less than this amount, the Tenant may credit up to \$31,725 in unused allowance towards its first four (4) months Base Rent.
8. To recap, the proposed lease rates are as follows:

Starting Base Rental Rate	\$17.00 PSF	\$106,335.00
Estimated operating costs	<u>\$ 7.32 PSF</u>	<u>45,786.60</u>
Total Year One Rental Rate	\$24.32 PSF	\$152,121.60

DSCC will also be responsible for its own electrical and telephone charges.

Requested Action:

That the Comptroller be authorized to enter into a lease according to the terms set forth above.

Additional Issues:

None.

Funding:

Funds are available from the institutional funds operating budget of the Division of Specialized Care for Children.