**Section 1.4025 Lease Requirements**

a) Length of Leases

1) Maximum Term. Except when a longer term is authorized by law, leases, inclusive of renewals, shall be for a term not to exceed 10 years and shall include a termination option in favor of the State after 5 years.

2) Renewal Option. *Leases may include a renewal option. An option to renew may be exercised only when the* CPO-GS *determines in writing that renewal is in the best interest of the State. The* CPO-GS *shall publish a notice of the intent to exercise the option in the Bulletin at least 30 days prior to the exercise of the option*. [30 ILCS 500/40-25(b)]

3) *All leases shall include a provision* that *they are subject to termination and cancellation in any year the General Assembly fails to make an appropriation to make payments under the terms of the lease*. [30 ILCS 500/40-25(c)]

4) *Month-to-Month and Holdover. No lease may continue on a month-to-month or other holdover basis for a total of more than 6 months*. [30 ILCS 500/40-25(d)]

b) Lessor's Failure to Make Improvements

*Each lease that includes a provision for the lessor to make improvements must provide for a penalty upon the lessor's failure to make improvements agreed upon in the lease. The penalty shall consist of a reduction on lease payments equal to the corresponding percentage of the improvement value to the lease value. The penalty shall continue until the lessor complies with the lease and the improvements are accepted by the leasing State agency.*  [30 ILCS 500/40-55] The penalty amount shall be retained by the State agency.

c) All leases shall be accompanied by a full written disclosure of the identity of every owner or beneficiary having an interest in the premises being leased.

1) The disclosure shall be subscribed and sworn or otherwise affirmed by an owner, authorized trustee, corporate official, partner, managing agent or other authorized person.

2) The disclosure shall set forth all ownership interests. By way of example, the disclosure should identify the names of the beneficiaries of a land trust in addition to the trustee, the names of all partners whether general or limited in nature, the names of all members or managers of a limited liability company and the names of all shareholders in a corporation who are entitled to receive more than 5% of the total distributable income of the entity. If the entity is publicly traded and no readily known individual owns more than a 5% interest, then the requirements of this subsection (c) may be met by an officer or managing agent of the entity making an affirmative statement to this effect.

3) The disclosure shall set forth the identity of any State officer, employee or elected official, or the wife, husband or minor child of that person, having an ownership or beneficial interest under the lease. In the event a person is so set forth, the disclosure shall include a specific designation of the percentage of total distributable income to the person, together with that of the wife, husband or minor child of that person, is entitled to receive from any firm, partnership, association or corporation that is the lessor.

4) It shall be the responsibility of the lessor to notify the CPO-GS, CMS, SPO or those who conduct leasing activities of any changes in ownership or beneficial interest and to submit updated disclosure statements reflecting the changes within 30 days after the change.

d) Space that is not in compliance with accessibility regulations, or is not capable of being brought in compliance with the installation of minimum essential features of accessibility by the time of occupancy, shall not be considered for use. Each RFI will provide reference to the Illinois Capital Development Board website for applicable technical standards of the Illinois Accessibility Code.

e) Leases may include an option for square footage reduction. When operational needs indicate that reduction in the square footage of a leased property is necessary and in the best interests of the State, as determined by the CPO-GS, a contract for the lease of real property may be amended to reduce the square footage of the leased property.

(Source: Amended at 46 Ill. Reg. 10208, effective June 2, 2022)