**Section 1400.2040 Procurement of Real Property Leases**

a) Applicability

This Section applies to all leases for real property, including office and storage space, buildings and other facilities for the Treasurer's office, with the exception of the following:

1) property of less than 10,000 square feet;

2) rent of less than $100,000 per year;

3) nonrenewable leases with a duration of less than one year;

4) specialized space available at only one location;

5) renewal or extension of any existing lease so long as the term of the lease, including the renewal or extension, does not exceed 10 years; or

6) leases with other governmental units when deemed by the Chief Procurement Officer to be in the best interest of the Treasurer's office.

b) Request for Information – Real Property Leases

Except as otherwise provided in this Section, all contracts for leases of real property must be awarded by the following Request for Information-Real Property Leases process. The RFI-Real Property Leases must include the following:

1) the type of property to be leased;

2) the proposed uses of the property;

3) the duration of the lease;

4) the preferred location of the property; and

5) a general description of the configuration desired.

c) Publication of Notice

Notice of the Request for Information must be published as provided in Section 1400.1505 and must also be published in a newspaper of general circulation in the community or communities where the Treasurer's office is seeking space.

d) Evaluation of Responses

The evaluation must be based on price and the ability of the respondent to meet the criteria in the Request for Information.

e) Negotiations with Individual Offerors

1) For the purpose of conducting negotiations, proposals must be initially classified as:

A) acceptable;

B) potentially acceptable; or

C) unacceptable, in which case the Chief Procurement Officer shall record in writing the basis for finding an offer unacceptable and make it part of the procurement file.

2) Negotiations will be entered into with respondents who are classified as acceptable or potentially acceptable for the purpose of securing a lease that is in the best interest of the State.

3) A written determination of the acceptability of each respondent and a report of the negotiations will be retained in the procurement file and will include the reasons for the final selection.

f) Award

The lease will be awarded to the respondent that the Chief Procurement Officer deems to be most capable of meeting the needs of the Treasurer's office. The notice of award must be promptly provided to the successful respondent and must be published as provided in Section 1400.1505. When the lowest proposer by price is not selected, the Chief Procurement Officer shall issue a written explanation for the selection of another proposer. The written explanation must also be published as provided in Section 1400.1505.

g) Lease Agreements

1) All leases must be in writing and approved by the Chief Legal Counsel.

2) Length of Leases

A) Term. All leases must be for a term that does not exceed 10 years and must include a termination option in favor of the Treasurer's office after five years.

B) Renewal. Leases may include a renewal option if the leases and any renewals do not exceed a 10-year term.

h) Purchase Option

Initial leases of all space in entire, free-standing buildings must include an option to purchase exercisable by the State, unless the Chief Procurement Officer determines that inclusion of a purchase option is not in the State's best interest.

i) Rent Without Occupancy

Except when deemed by the Procurement Review Board to be in the best interest of the State, the Treasurer's office may not incur rental obligations before occupying the space rented.

j) Local Site Preference

The Chief Procurement Officer may, in his or her discretion, give leasing preferences to sites located in enterprise zones, tax increment financing districts or redevelopment districts.

(Source: Amended at 40 Ill. Reg. 13847, effective September 23, 2016)