



Memorandum

To: Honorable Mayor and Members of the City Council
From: Lara Biggs, City Engineer
CC: Paul Zalmezak, Economic Development Manager
Subject: Resolution 9-R-24, Authorizing the City Manager to Execute a Contract for a Lease at 909 Davis Street for Office Space to House City Hall Functions
Date: January 22, 2024

Recommended Action:

Staff recommends the City Council approve Resolution 9-R-24, Authorizing the City Manager to Execute a Contract for a Lease at 909 Davis Street for Office Space to House City Hall Functions.

CARP:

Municipal Operations

Council Action:

For Action

Summary:

The Lorraine H. Morton Civic Center is a 112,000 sq ft building that was constructed in two phases, beginning with the east-west wing in 1901 as a Catholic parish boarding and day school and expanding in 1924 when it was renamed Marywood Academy. After vacating the building in 1970 due to declining enrollment, the Sisters of Providence sold it to the City of Evanston on October 2, 1975. Following a renovation costing \$750,000 ([according to the Evanston Roundtable](#)), the City of Evanston relocated city hall services to the property. The improvements included a new interior stairwell, HVAC, and lighting.

Renamed in November 2009, the Lorraine H. Morton Civic Center is the fourth location of the seat of Evanston's government. The City operated out of a storefront at 604 Davis (unknown date to 1892), a new construction "City Hall" at the northwest corner of Sherman and Davis (1892-1942), an adaptive reuse "Municipal Center" at the Evanston Country Club (1942-1979) at the northeast corner of Maple and Lake, prior to repurposing 2100 Ridge as the "Civic Center" (1979 to present). Each of these moments in time represents a significant reinvention of how city hall services were delivered, and each of these moves was made in light of the specific community challenges at that time.

Summary of Resolution 9-R-24:

Approval of Resolution 9-R-24 will provide the City Manager the authority to execute a lease at 909 Davis Street based on the proposed terms outlined in the attached Letter of Intent and summarized in the table below. The relocation to 909 Davis will allow the City to forego the immediate necessary capital expenditures at the Civic Center while still providing a safe and efficient working environment for City staff and for community members accessing city services.

The estimated average annual occupancy costs (rent, taxes, & operating) is \$2.4 million. The proposed lease includes approximately 53,000 square feet as follows:

- Suite 100 – 1,447 RSF (customer service desk)
- Suite 210 – 14,363 RSF (council chambers, offices, meeting spaces)
- Suite 300 – 37,145 RSF (staff offices)
- The lease includes access to additional meeting rooms to be constructed on the 6th floor

The lease commences October 1, 2024, although the City would be able to begin occupying the space as early as June 1, 2024, if the construction is complete, providing the opportunity to phase the relocation to ease pressure on City operations. The City would begin paying rent in February 2026 after the initial build-out period and negotiated 16 months of rent abatement (valued at \$2.9 million). The ability to begin construction will occur as soon as the lease is fully executed.

The building owner is providing a tenant improvement allowance of \$5.9 million to be used for space construction, in addition to furniture, fixtures, equipment, low voltage cabling, moving expenses, audiovisual, and/or credit toward additional base rent abatement. Eleven parking spaces beneath the building and potential for additional after-hours for meetings to supplement on-street parking on the drop-off area, parking lots on Maple Ave and Oak Ave, as well as 2,000 +/- spaces at Sherman Plaza and Maple Ave garages. The City will be able to add City of Evanston signage to the building exterior as well as the lobby and floors on which the City is located.

The following table summarizes the terms and conditions of the lease:

Evanston Civic Center Office Relocation - Letter of Intent Terms "By the Numbers"	
Address	909 Davis
Total Square Feet	52,955
<i>Suite 100 - Service Desk</i>	1,447
<i>Suite 210 - Council Chambers, Staff Office, Meeting Spaces</i>	14,363
<i>Suite 300 - Staff Offices</i>	37,145
Parking leased within the building[1]	11 spaces
Avg Annual Occupancy Cost (rent, taxes, operating)	\$2,495,240
Tenant Improvement Allowance	\$5.9 million
Value of Rent Abatement	\$2,901,904
15 year total nominal cost:	\$37,428,602
Early Termination Fee (year 7)	\$8.8 million
Construction Begins	March 2024
Beneficial Occupancy (earliest move in)	June 2024
Lease Begins	October 2024
Rent Payments Begins	February 2026
Lease Term	15 years
Early Termination Allowed	End of year 7
Sub Lease Allowed	Any Time
<i>[1] 2,000 parking spaces in city-owned garages less than five minute walk, 2 train stations, and 6 bus routes</i>	

Why Proceed with Relocating from Civic Center now?

A detailed discussion about the Civic Center building condition is included in the staff report presented in SP2 on January 22, 2024. In summary, discussions about renovating 2100 Ridge versus relocating city hall operations to another location date back to 1998. Minimal investments have been made since, including the roof and an inlaid gutter system in 2010. The building has been experiencing significant challenges operating as a city hall for over 25 years, and the City began investigating a significant renovation of the building vs. relocating the city hall functions to another location. While minimal investments have been made, only the roof and inlaid gutter systems have seen significant improvements.

After decades of deferred maintenance, a number of building systems have been identified as close to failing or in failure, including:

- Heating, Ventilation and Cooling (HVAC)
- Electrical
- Plumbing
- Windows
- Building Envelope (brick, mortar, etc.)

Although emergency repairs have been completed on many of the systems, none of them will significantly reduce the cost of future renovation work.

The building also has several operational challenges, including:

- **Security** - The lack of a central lobby, exterior entrances on multiple floors, and no isolation between floors have limited the ability to provide secure spaces
- **ADA** - The age of the building and lack of long-term investment in ADA improvements impacts the City's ability to provide equitable access to programs and services delivered in this building, including meetings of the City Council, Boards, and Commissions
- **Customer service** - Public services spread out amongst multiple floors, a confusing room numbering system, and variable public hours for different departments create confusion for visitors navigating the building to access services
- **Limited Restroom Access** - Restrooms are unevenly distributed, especially for women, and there are few ADA-compliant restroom options on the ground, first and second floors, which are the public-facing floors.
- **Building Code Compliance** - The age of the building and lack of regular renovations result in substantial building code non-compliance. Although the building is grandfathered into the code until a major construction project is completed, this still creates concerns for safe operations, such as for fire safety. Asbestos Containing Materials (ACM) located throughout the building will similarly need to be addressed with a significant improvement.
- **Inefficient/Inadequate Layout** - Although the building contains substantially more square footage than is needed for operations (approximately 40,000 sq ft extra), the wide hallways and oddly shaped offices (more appropriate to classrooms or dormitories, depending on the area of the building) result in inadequate space for employee workstations. Nevertheless, the City pays to heat, condition, maintain, and operate the additional space.
- **CARP Non-Compliance** - The age of the building means that almost none of the building systems support the goals of the City's Climate Action Resilience Plan (CARP). Bringing the building into compliance will mean a significant capital investment.

Replacing any of the major building systems is such a large project that it will likely trigger building code requirements to bring the Civic Center into compliance with all modern building codes. With such a major renovation of all the spaces, the building could be converted into a modern office building (or any of a number of other uses), but such a project would be extremely disruptive to city hall operations. If the building construction was phased so that the building could remain in operation during such a project, not only would the disruption to operations be significant as staff would be relocated multiple times, but the cost of the project would be significantly higher and likely take longer to complete.

With multiple building systems deteriorating to the point of a potential significant failure that would impact the building's operation, fire safety, ADA non-compliance, and security issues, staff has begun researching the options to relocate city hall operations to another location. Even if the building were renovated, such a relocation would still be advantageous to reduce the project cost and maintain productivity during construction.

Why Recommend a Downtown Location?

Downtown Evanston offers a number of organizational workplace advantages in this ever-evolving post-COVID economic restructuring characterized by hybrid work schedules, new communication technology, and generational differences in preferred work environments. Well-designed office space with modern equipment near public transit is more broadly appealing to a larger base of the labor force. Downtown restaurants, fitness amenities, Fountain Square, and lakefront parks are also broadly appealing. It would be easier to attract and retain talent.

Furthermore, relocating a 200-employee organization to downtown will help stabilize a difficult office market with rising vacancies. The City's relocation of its Civic Center downtown is a declaration of support for business district revitalization. Retailers and restaurants will also experience a modest boost from Civic Center employees and visitors. Remote work policies have negatively impacted retail/restaurants, resulting in fewer sales and lunchtime table turns.

The facilities to be relocated downtown include:

- Staff office space
- Staff meeting/collaboration spaces
- A public service counter
- Large conference room for boards and commissions
- City Council chambers and the associated infrastructure (parking for residents, audiovisual capabilities, support space for staff)

The purpose of this relocation on either a temporary or permanent basis is to forego the immediate necessary capital expenditures at the Civic Center while still providing a safe and efficient working environment for City staff and for community members accessing city services.

With the pressure of potential Civic Center systems failures, the lackluster environment for quality constituent services/engagement, the difficulty attracting new talent or encouraging existing staff to return to the office more frequently combined with the opportunity to lease contiguous space at highly competitive rates, staff recommends pursuing a downtown office lease.

The lease can be shorter term/temporary (e.g., seven years) while community engagement processes and relocation studies are completed. Or, it can be a longer-term/permanent (e.g., 15 years +) to take advantage of competitive rental rates and eliminate ongoing capital/maintenance costs.

What Service has Jones Lang Lasalle (JLL) Provided?

The City engaged JLL to investigate the feasibility of relocating to a downtown Evanston office space. The scope of services included researching available spaces, evaluating the CiCity's operations and space needs, designing floor plans, identifying furniture suppliers, negotiating a letter of intent, and ultimately advising the City Manager on final lease

negotiations. This service is provided at no cost to the City. JLL will be compensated through a commission paid by the leasing property owner. If the City Council decides against renting an office space, JLL will not be paid. It is a risk of the industry that they were willing to take.

What Criteria Did JLL / City Staff Use to Determine Preferred Office Space / Location?

In order to determine locations, a number of criteria other than pricing were utilized to identify and evaluate potential city hall locations:

- Centrally located
- Proximity to parking for staff and visitors
- Close to public transit
- A ground floor storefront for public-facing City operations and service counter (e.g., Collector's office, permit desk)
- Ability to provide contiguous space
- Ability to include multiple uses/facilities (e.g., Council chambers, conference rooms, offices, etc.) in one building
- Building security
- ADA Accessibility

Office space is classified into different grades by quality, either Class A, B, or C. Class A office buildings are generally the newest, with high-quality modern finishes and high-quality building infrastructure, and located in the most desirable areas, while Class C office buildings are older, in need of substantial renovation, and located in less desirable locations. City staff recommends acquiring Class B or better, where Class B is defined as good quality buildings that might be older but have been well maintained with good building infrastructure.

The following office buildings were investigated as potential sites based on the quality of their office space and their vacancy rates:

- 909 Davis Street
- 1560 Sherman Avenue (Rotary Building)
- 1603 Orrington Avenue (Chase Bank Building)

Moving to an existing downtown office space gives the following benefits to the City:

- **Funds for new Civic Center construction could instead be used for other critical needs** - A recently released report completed by AECOM indicated the cost to renovate the existing Civic Center is estimated at \$63M, similar to other past cost estimates. If the Civic Center and grounds are repurposed to different ownership, this funding, much of which will likely be issued as debt, does not need to be spent and can be repurposed to maintain other critical City-owned facilities.
- **Climate Action Resiliency Planning (CARP)** - It is sustainable to utilize existing vacant offices for City staff. This aligns with CARP goals for municipal operations, as the greenest building is one that has already been built. Bike lanes, public transit, and improved walkability reduce dependence on automobiles.
- **Improved accessibility, transportation, and mobility** - It provides more transportation options for staff and visitors to the Civic Center. Although the parking is slightly less convenient, staff and visitors will be better able to take advantage of six bus lines, Metra and Purple Line, as well as bike lanes. A central location allows for shorter walks for a larger number of Evanston community members. Over 2,000

parking spaces are available in nearby City-owned garages. This aligns with CARP goals for transportation and mobility, as it better supports the utilization of more active transportation.

- **An increase in downtown employees equals increased sales** - It will bring more people to the downtown area to support the businesses and restaurants located there. There are approximately 225 budgeted FTEs that are currently assigned to be at the Civic Center, although only 90 are regularly present (the remainder of those positions are occupied by staff who work remotely/hybrid, or the positions are currently vacant). In addition, the Civic Center is physically accessed by approximately 60 community members per day, although the amount on any given day varies significantly. Moving these people downtown supports the economic development of the CiCity'sntown business district.
- **Improve maintenance services to other COE Facilities - Currently, the City invests more than 3-4 FTEs in the operations and maintenance of the Civic Center and Boiler Building, as well as paying for contracted operations services, such as elevator maintenance.** In recent years, a number of emergency repairs have been needed, and the City has spent approximately \$291,000 annually on this item. If the Civic Center and grounds are repurposed to different ownership, these much-needed resources can be used to supplement the limited staffing and care of other facilities and parks.

Why is 909 Davis Being Recommended and Why a Longer Term Lease?

JLL facilitated office space negotiations with all three buildings. The City went through several rounds of negotiations with all three. Ultimately, the building at 909 Davis has provided the most cost-effective offer. In addition, it effectively meets the needs of the City:

- All city hall functions can be housed within the same building, including upper-floor office space as well a street-level storefront space that can be built out to house a customer service desk
- Space is available to build out City Council chambers and conference rooms for board and commission meetings.
- Two City parking garages are located within one city block of walking distance (Sherman Avenue Garage and Maple Avenue Garage). Both garages have substantial excess parking capacity.
- It is adjacent to the Davis Street transit hub for CTA and bus transit. It is also adjacent to the Davis Street Metra Station.
- It is adjacent to both the Church Street and Davis Street protected bike lanes.
- The building is modernized and fully ADA-compliant.

The City would enter into a lease for approximately 53,000 sq ft of office space. The lease would be for a term of 15 years, with a 7-year opt-out that would allow the City to move back into the Civic Center once the renovation is completed or a new facility once it is built. The lease would include a financial credit for office space build-out that could be applied to other costs as well, such as moving costs and IT needs so that the up-front cost for the City to move would be minimized. In this particular building, the lease agreement also allows the City to access other tenants' common spaces, such as a common conference room/training room and tenant lounge. The Letter of Intent with more specific information on the lease terms is attached.

Initially, a 5-7-year lease term was investigated in addition to the longer-term lease of 15 years with a 7-year opt-out. However, there were disadvantages to going with a shorter vs. longer lease with an opt-out:

- The base rental cost would be higher. The City achieved a lower rental rate by entering into a long-term lease.
- The tenant improvements credit was significantly higher than the longer-term lease. This credit is amortized over the term of the lease, so if the City exercises the 7-year opt-out, a portion will need to be repaid. However, it allows the City to move with little up-front capital outlay. If the City decides to move to a new permanent space in 7 years, it will require a significant financial capital investment to create that space, and the City will have created an overall financial management plan of which the opt-out penalty clause is a very small portion.
- Office space rental rates are currently low. If the City were to enter into a short-term lease and then decide to make the move permanent, there is a risk that the rental rates will have begun to make a significant recovery, and it will be difficult to negotiate a rate as competitive as the current rate plus the contractual 2.5%/year escalation. This long-term lease option mitigates this risk.

Why is the Lease for Significantly Less Space than is Currently Used at the Civic Center?

The lease proposal is for approximately half of the current Civic Center square footage. There are two reasons for this reduction.

- The existing Civic Center layout is inefficient, with wide hallways and oddly shaped offices. A significant amount of this space would not be needed if the office and workstation layout were more efficient.
- For the last two years, the City has been effectively operating with a hybrid work policy for office staff at the Civic Center. The City would leverage that policy to reduce workstation size and/or implement hoteling (i.e. shared office) for staff working remotely a significant portion of the work week. This would allow the City to rent less space in the short term until the permanent city hall space is renovated or constructed.

Will it be hard to park for public meetings or to pay for a permit at 909 Davis?

Public parking is plentiful and very close to 909 Davis. The property itself has very little dedicated onsite parking. It was designed to take advantage of the CiCity's parking garages and the adjacent train lines. The building owner allocates parking spaces based on the size of the office lease. The City would have access to 11 spaces in the underground parking garage.

Detailed parking plans for the public, city vehicles, and staff will need to be developed. However, both Sherman Garage and Maple Garage are significantly underutilized at this time. A review of 2023 occupancy rates indicates that at peak occupancy, Sherman Garage has 600 vacant spaces, and Maple Garage has approximately 1,050 vacant spaces. Because of the relative vacancy rates, it is more likely that Maple Garage will be utilized for city vehicles and staff, but this is yet to be fully decided. The walking distance from Maple Garage to the front door of 909 Davis is approximately 900 ft, the equivalent of a 4-minute walk. There are handicapped parking spaces in the circle driveway near the main entrance.

Staff parking is anticipated to be free, although this is not expected to significantly impact parking revenue in the near future because of the current spare capacity. The garage that is used for city vehicles will eventually require upgrades as more electric city vehicles are purchased, but it is anticipated these upgrades will be needed as public charging spaces are also expanded. A plan for free parking for the public will also need to be developed.

What is the Proposed Relocation Schedule if the Council Approves the Lease?

If the resolution is approved, the following schedule is anticipated:

Item	Expected Completion Date
Fully execute leasing documents	February 28
Finalize space layout	March 31
Buildout space	June 30
Staff move-in	July 1 - 31

What Will Happen to the Existing Civic Center Building if the City Relocates?

Discussions on the long-term use of the Civic Center building are ongoing and have yet to be finalized. Staff recommends designing a comprehensive community engagement process as soon as possible to determine a disposition or reuse plan for the existing building, the parking lot, and the land to the south. Ingraham Park will remain a park and will not be included in any future redevelopment or land sale. The long-term options include, but are not limited to, renovating the building for use as a modernized city hall, selling the building for adaptive reuse (e.g., housing), or demolishing and redeveloping the site.

In the short term, the building would need to be shut down with a minimal staff presence in order to minimize city maintenance costs while preserving the building in its current condition.

Other Concerns:

A number of other items will need to be addressed in order for staff to leave the building. The most significant of these is a document management plan. Unrelated to this project, the City Clerk has already begun developing this in order to bring the City's document management into compliance with best practices for municipalities.

Detailed Financial Analysis:

An estimate of the current Civic Center operations and maintenance cost is as follows:

Item	Maintenance	Staff Costs (to be reallocated)
In-House Repair Costs		
Building Management		\$200,000
Maintenance and Repair Labor		\$150,000
Misc. Repair Materials	\$21,000	
HVAC Repair Materials	\$62,000	
Emergency Capital Improvement Repairs		
Sub-Total	\$83,000	\$350,000
Annual Contracts		
Security Contract	\$86,000	
Custodial Contract	\$63,000	
Johnson Control Security Solutions	\$1,000	
Thermosystems Contract (City Council Chambers Heat Pump)	\$30,000	
Schneider Building Automation System Contract	\$2,600	
United States Fire Protection Contract	\$4,700	
Civic Center Mat Cleaning Contract	\$2,100	
Sub-Total	\$189,400	
Total	\$272,400	\$350,000

In addition to the O&M costs, there are also emergency repair costs. The following table shows the annual emergency repair costs since 2018:

Year	Emergency Repair Contracts	Staff Costs (to be reallocated)	Primary Systems Requiring Emergency Repair
2018	\$201,260		HVAC, Fire Panel System, Roof
2019	\$120,441		HVAC
2020	\$113,604		HVAC
2021	\$426,607		Gutters/Downspouts, Brick Facade
2022	\$3,024		Brick Facade
2023	\$54,880		Boiler Building Stairs
Annual Contractual Costs	\$153,000		2018-2023 Annual Average
Annual Staff Costs		\$138,000	0.75 FTE
Total Annual	\$291,000	\$138,000	

Annual costs for currently operating, maintaining, and completing emergency operations at the Civic Center are historically \$480,000 on average. None of the emergency costs have significantly offset the costs of future renovation and repair as they are either localized to a small portion of the system (such as in the case of the building façade) or have repaired a system that will need to be completely replaced in order to align with the City's climate action and resilience goals (such as in the case of the HVAC).

A detailed cost analysis of the annual rent, taxes, and liabilities is attached. Under the current negotiated lease terms, the first rent payment will not be due until 2026. Other costs during that time can likely be covered by the General Fund, but a long-term financial plan will need to be developed. This could include reducing other city expenses to offset the lease cost or generate new revenue. Some of the cost will be offset by not expending the current operations and maintenance costs for the existing building, although the staff resources will be repurposed to better maintain other facilities and parks rather than providing direct savings. However, not moving to rental space results in increasing risks of operations shutdown from building failure, emergency repair costs, and legal liabilities from lack of compliance with ADA and modern building codes.

If it is decided to remain in rental space long-term and remove the Civic Center property from the list of city assets, the rental costs will be offset by the avoided capital improvement costs.

Attachments:
[Resolution 9-R-24](#)

[January 19 2024 909 Davis - City of Evanston - Letter of Intent \(1\) Redacted](#)

9-R-24

A RESOLUTION Authorizing the City Manager to Execute a Contract for a Lease at 909 Davis Street for Office Space to House City Hall Functions

WHEREAS, the Lorraine H. Morton Civic Center (“Civic Center”) located at 2100 Ridge Avenue has experienced significant deterioration of multiple building systems, several of which are no longer considered to be reliable for long-term operation; and

WHEREAS, although the City of Evanston is committed to the equitable delivery of programs and services, the Civic Center is substantially not in compliance with the requirements of the Illinois Accessibility Code and the federal American with Disabilities Act requirements; and

WHEREAS, the Civic Center is substantially not in compliance with modern building codes, including those for fire safety; and

WHEREAS, the Civic Center has limited accessibility by bus transportation; and

WHEREAS, because of its layout, the Civic Center continues to be a challenge to provide adequate security for;

WHEREAS, the layout of public services at the Civic Center provides a poor customer service experience for community members;

WHEREAS, the City of Evanston is committed to climate action and resiliency for all City infrastructure, and the current Civic Center building does not align with multiple goals from the City’s adopted Climate Action Resilience Plan (2018),

including goals for net zero greenhouse gas emissions by 2035, 100% LED lighting, and water efficiency;

WHEREAS, because the layout is inefficient, the Civic Center includes an estimated 40,000 square feet that would not be needed (or could be repurposed to an alternate use) if the building were laid out more appropriately for office use, and the City is utilizing significant energy to heat and condition the extra space as well as resources to maintain and operate the space; and

WHEREAS, the cost to renovate the Civic Center to resolve the above issues is estimated at approximately \$63 million and the cost to replace the Civic Center is estimated to be approximately \$52 million; and

WHEREAS, renovating or replacing the Civic Center will likely take five years to complete once a decision has been made to move forward and funding is allocated;

WHEREAS, the community has been discussing this issue since 1998 without a resolution that includes adequate funding for the necessary improvements; and

WHEREAS, the Evanston City Council has determined that it is in the best interest of the City of Evanston to provide a safe, accessible, inclusive and productive city hall space for staff and community members as soon as is practicable; and

WHEREAS, the Evanston City Council has also determined it is in the best interest of the City to execute a fifteen-year lease, with a potential seven-year opt out clause for office space to operate the City's civic center while next steps are determined.

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**NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
EVANSTON, COOK COUNTY, ILLINOIS:**

SECTION 1. The City Council hereby adopts the foregoing recitals as its findings, as if fully set forth herein.

SECTION 2. The City Manager is hereby authorized and directed to sign, and the City Clerk hereby authorized and directed to attest on behalf of the City of Evanston, a lease between the City of Evanston and 909 Davis Street for office rental space. A letter of intent with the lease terms is attached and incorporated by reference as Exhibit A.

SECTION 3. The City Manager is hereby authorized and directed to negotiate any additional terms and conditions of the leases as may be determined to be in the best interests of the City and in a form acceptable to the Corporation Counsel.

SECTION 4. The resolution shall be in full force and effect from and after the date of its passage and approval in the manner provided by law.

Daniel Biss, Mayor

Attest:

Approved as to form:

Stephanie Mendoza, City Clerk

Alexandra B. Ruggie,
Interim Corporation Counsel

Adopted: _____,
2024



Letter of Intent

January 16, 2024

Matt Hickey
Vice President
Brett Ratay
Senior Leasing Director
Lincoln Property Company
120 N LaSalle St, Suite 2900
Chicago, IL 60602

**Re: 909 Davis St
Evanston, IL 60201**

Matt and Brett:

On behalf of our client, The City of Evanston, (“Tenant”), we have been authorized to request a written proposal from ownership (“Landlord”) at 909 Davis St, Evanston, IL 60201 (“Building”). The following RFP outlines Tenant’s preliminary requirements. We would prefer that your response be incorporated in the table format of this document - responses answered directly on the right column next to the question; statements herein to which you agree should be confirmed; statements to which you do not agree should be responded to accordingly.

Please feel free to include any other information about your building or lease terms that will be helpful to the Tenant in making this important decision. If you should have any questions, please do not hesitate to contact us.

This Request for Proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties.

A copy of your response should be delivered to the undersigned by no later than Monday, November 20th.

Should you have any questions or comments, please do not hesitate to contact either of us.

Sincerely,

Dan McCarthy
JLL

Chris Cummins
JLL

Steven Spinell
JLL



Terms	
Letter of Intent January 16, 2024	
1. Tenant	City of Evanston
2. Building	<p>Evanston Station 909 Davis St, Evanston, IL 60201</p> <p><i>Ownership</i></p> <p>The Building is owned by Red River 909 Davis, LLC, a joint-venture led by Red River Asset Management. The Building was acquired in December 2022. The Building was acquired in an all-cash transaction.</p> <p><i>Management</i></p> <p>The Building is managed by Lincoln Property Company. Lincoln Property Company (LPC) is one of the largest and most respected, full-service real estate firms in the U.S. and Europe, and consistently ranks among the Top 10 Property Managers & Top 10 Developers of office, industrial, retail, mixed-use, and specialty properties.</p> <p>www.lpc.com</p>
3. Landlord	The Building is owned by Red River 909 Davis, LLC, a joint-venture led by Red River Asset Management. The Building was acquired in December 2022. The Building was acquired in an all-cash transaction.
4. Premises	<p>Tenant shall lease approximately 52,955 RSF comprised of the following:</p> <ul style="list-style-type: none"> - Suite 100 – 1,447 RSF - Suite 210 – 14,363 RSF - Suite 300 – 37,145 RSF <p>All FF&E shall remain in place at Tenant’s sole discretion. If Tenant elects to remove the FF&E, Landlord will be responsible for removal at their sole cost and expense. Tenant shall make its election regarding the furniture within sixty (60) days of full execution of a lease.</p> <p>The final Premises shall be mutually agreed upon by Tenant and Landlord prior to lease execution.</p> <p>The Premises has been measured utilizing BOMA standards.</p>
5. Lease Commencement Date	<p>October 1, 2024</p> <p>Upon lease execution, Tenant will have access to the Premises to allot for furniture, fixtures and equipment move-in, and conducting normal business operations (“Pre-Occupancy Period”). The Pre-Occupancy Period shall not exceed 120 days. No Base Rent, Taxes, or Operating Expenses should be required during the Pre-Occupancy Period.</p>
6. Lease Term	The Term shall be Fifteen (15) years from the Commencement Date, subject to the Termination Option as set forth in Section 13 below.



Terms	
Letter of Intent January 16, 2024	
7. Base Rent	\$21.25 per RSF Net, escalating 2.5% per annum.
8. Rent Abatement	Sixteen (16) months of Gross Rent Abatement beginning on the Commencement Date.
9. Real Estate Taxes and Operating Expenses	In addition to the Base Rent, Tenant shall be separately responsible for its proportionate share of Real Estate Taxes and Operating Expenses which are estimated at \$9.41 and \$9.60 per RSF for 2023 respectively. Operating Expenses shall be grossed up to reflect a 95% occupied Building.
10. Tenant Improvement Allowance	<p>Landlord shall provide a Tenant Improvement Allowance (“TIA”) in the amount of \$112.50 per RSF of the Premises to design and construct permanently affixed interior improvements beyond the base condition. Tenant shall have the option to apply fifty percent (50%) of the TIA towards the purchase and installation of FF&E and low voltage cabling, moving expenses, AV, and/or as a credit towards additional Base Rent Abatement.</p> <p>The Premises shall be delivered on an “As-is, Where-is” basis. Currently, all of the space under consideration has been previously built out with HVAC distribution and life safety and sprinkler distribution.</p> <p>Landlord shall supervise Tenant’s construction. Tenant will be responsible for a supervisory fee equal to 3% of hard costs, paid out of the Tenant Improvement Allowance.</p> <p>Landlord shall provide Tenant with an allowance of \$0.12/rsf for preliminary “test-fit” drawings as well as \$0.06/rsf for one revision, to be memorialized in a separate space planning agreement. Tenant shall not be required to reimburse Landlord for this money whether or not these negotiations result in a lease between Landlord and Tenant.</p> <p>Tenant shall have the right to hire the General Contractor of its choice for the tenant improvement work without any obligation to hire or use the Landlord’s contractor, subject to Landlord’s reasonable approval.</p> <p>Tenant shall use union labor for any and all improvements to the Premises.</p> <p>To be further addressed in the Lease document. <i>[Tenant shall not be charged for any parking, hoisting charges, electrical services, water or the use of freight elevators during the construction period.]</i></p>
11. Electricity/Fiber	All of the proposed Premises are separately metered. The cost to separately demise any of the Premises, including mechanical/metering costs, shall be at Tenant’s expense, paid out of the Tenant Improvement Allowance.
12. Extension Option	<p>Tenant shall have one (1) option to renew the Lease for seven (7) years by providing no less than twelve (12) months’ prior written notice. Tenant’s renewal option shall be at market rates to be further defined in the Lease.</p> <p>To be further addressed in the Lease document. <i>[The renewal rate will be at 95% of the prevailing market rental. The prevailing market rental rate shall be defined as the rental rate at the time Tenant provides notice for vacant space in buildings of comparable quality and age for tenants of similar size, credit quality and stature. The prevailing market rental rate shall include all comparable lease</i></p>

Terms	
Letter of Intent January 16, 2024	
	<i>provisions including, without limitation, market provisions for improvement allowances, tenant procurement costs, commissions, free rent, other lease concessions, lease term, base years, lease rate escalation(s), and operating expenses and taxes. Any dispute over the prevailing market rate shall be submitted to arbitration.]</i>
13. Termination Option	Tenant shall have the one-time option to terminate the Lease after the eighty-fourth (84 th) month of the Term by providing twelve (12) months' prior written notice to Landlord. Tenant shall deliver payment in the amount of all unamortized costs and concessions of this transaction, including but not limited to Tenant Improvement Allowances, Rent Abatement, and leasing commissions utilizing an eight percent (8%) interest rate over the rent-paying portion of the Term, plus an amount equal to six (6) months of the then-escalated gross rent. 50% shall be due upon the notice date and 50% shall be due upon the effective date.
14. Right of First Offer (ROFO):	<p>Provided Tenant has no less than twenty-four (24) months remaining on the initial Lease Term, Tenant shall have an on-going Right of First Offer ("ROFO") to lease any space that becomes available for leasing on the 1st, 2nd, 3rd, 4th or 5th floors of the Building in Landlord's sole discretion. Landlord will notify Tenant of the terms and conditions upon which it intends to market and lease such space ("Landlord's First Notice"). Tenant shall have thirty (30) days in which to accept or reject the proposed space and terms and conditions. If Tenant declines to accept such space under the terms and conditions Landlord proposes, Landlord shall have the right for a period of 180 days thereafter to market the space to third party prospects on substantially the same terms and conditions outlined in Landlord's notice. If Landlord comes to an agreement on terms with a prospective tenant that yield a net effective rate less than 90% of the terms outlined in Landlord's First Notice, Landlord shall issue a Second Notice to Tenant. Tenant shall have thirty (30) days to accept or reject the proposed space and terms and conditions. If Landlord is unsuccessful in securing a third-party tenant within such 180 day period, Landlord must re-offer the space to Tenant as stated above.</p> <p>With respect to the rent commencement date for the ROFO space, Tenant shall have a period of 90 days following the delivery to Tenant of the vacant space, ready for commencement of Tenant's interior improvement work, to perform such work without paying base rent or tax and operating expenses.</p> <p>Tenant must accept the ROFO space in its entirety.</p>
15. Sublease & Assignment	<p>Tenant reserves the right to substitute any of its subsidiaries, affiliates, or purchasers as occupants of the Premises without the Sublandlord or Landlord's consent, provided that the resulting entity has a creditworthiness no lesser than that of Tenant.</p> <p>Tenant shall also have the right at any time to sublease or assign all or any portion of Tenant's Premises to any unrelated entities with Landlord's prior consent, which is not to be unreasonably withheld, conditioned or delayed.</p> <p>To be further addressed in the Lease.</p>
16. Relocation Rights	Landlord shall not have the right to relocate Tenant during the term of the lease or any renewal periods.
17. Adjacencies	The Third Floor and Suite 100 are currently leased to another tenant, and are subject to

Terms Letter of Intent January 16, 2024	
	<p>Landlord's successful termination of that Lease.</p> <p>The Premises are otherwise unencumbered.</p>
18. Signage	<p>Tenant shall be provided signage on the building directory and building standard suite identification signage.</p> <p>Tenant, at its sole cost and expense, shall have the option to install a sign on the monument sign for the Building. Such signage shall be contingent upon tenant leasing and occupying no less than half of a floor.</p> <p>Tenant, at its sole cost and expense, shall have the option to install branding and signage in the elevator lobby and corridors on any floor Tenant occupies. Such signage shall be contingent upon tenant leasing and occupying the full floor.</p> <p>Tenant, at its sole cost and expense, shall have the option to install one (1) façade sign on the Building's exterior and one (1) exterior monument sign in a mutually agreeable location. The exterior monument sign shall be in a mutually agreeable location, size, design and wording. Such signage is subject to any required municipal approvals, and is contingent upon Tenant leasing and occupying no less than a full floor at the Building</p>
19. Heating, Ventilation & Air Conditioning	<p>As part of Operating Costs, Landlord shall furnish to the Premises heating, ventilation and air conditioning during normal business hours, which shall be 6:00 am to 6:00 pm on weekdays, and 8:00 – 1:00 pm on Saturdays.</p> <p>HVAC services provided at any time outside of these hours is designated as "after-hours" HVAC and is subject to additional charges and fees. The current rate for above-standard HVAC are listed below and are subject to a two (2) hour minimum.</p> <p>Tenant shall not incur after-hours charges for HVAC for Suite 210 one (1) day per month.</p> <p>The current fee for after-hours HVAC is: Heating \$75/hour, Cooling \$125/hour</p>
20. Parking	<p>Tenant shall lease its proportionate share of unreserved parking in the Sherman Plaza Parking Garage at a ratio of 2 spaces per 1,000 RSF leased. Tenant shall pay the then-market rate for parking in the Sherman Plaza Parking Garage. The current cost of which is \$105.00 per space, per month.</p> <p>Additionally, Tenant shall have the option to lease spaces in the underground garage of the Building throughout the Term, up to a ratio of 1 space per 4,000 RSF of the Premises. The final number of underground parking spaces will be determined prior to lease execution. Landlord shall provide eight (8) underground parking stalls free of charge.</p> <p>Tenant shall pay the then-market rate for underground parking, which is currently \$100/month plus taxes.</p>



Terms Letter of Intent January 16, 2024	
22. Building Amenities	<p>The Building features a Farmer’s Fridge salad vending machine in the lobby, underground executive parking, on-site security and management, and Metra/CTA stations on-site</p> <p>Ownership is finalizing plans for an upscale Tenant Lounge, which will include a high-tech conferencing facility, a highly functional and elegant lounge area, an Avenue C grab-and-go food facility and a complimentary coffee bar using freshly ground beans. The amenity program is planned for the sixth (6th) floor of the Building. Landlord will reasonably accommodate Tenant’s feedback in regards to the size and design of conferencing facility.</p> <p>Tenant Lounge shall include seating and will remain open to tenant employees during normal business hours.</p>
23. Security Deposit	<p>Tenant shall not be required to provide any security deposit, nor pay first month’s rent until due.</p>
24. Brokerage	<p>Tenant is represented by Jones Lang LaSalle Midwest, LLC. (“Broker”). Tenant requires Landlord to enter into a separate agreement with Broker, under which Landlord agrees to pay a real estate commission equal to a full market commission.</p>
25. Non-Disturbance	<p>Not applicable. The Building is owned debt-free.</p> <p>In the event that a loan is taken out against the Building, Landlord will act in good faith to provide an SNDA.</p>
26. Holding Over	<p>The initial three (3) months of holdover following the expiration of the Term will be at 125% of the last month’s gross rental obligation. The following three (3) months of holdover will be at 150% of the last month’s gross rental obligation, and any additional holdover will be at 200% of the last month’s gross rental obligation.</p> <p>Tenant will not be liable for consequential damages related to holdover for the initial sixty (60) days of holdover.</p>