

## TERMINATION OPTION

### CLERK OF THE CIRCUIT COURT CHILD SUPPORT DIVISION

The Real Estate Management Department is seeking committee approval to relocate the Clerk of the Circuit Court Child Support Division from leased space located at 28 N. Clark to the Lower Level of the Daley Center.

#### Action Requested

The Department of Real Estate Management recommends the following:

1. Approval of the Termination Option Agreement, granting the Landlord the option to terminate the Lease in accordance with the terms of the agreement.
2. Authorize the President or the Real Estate Director to execute and deliver the Termination Option Agreement and any other documents necessary to effectuate the option.
3. Authorize the Comptroller to pay the termination fee of \$807,650 to the Landlord.
4. Approval to add LL-12, consisting of 21,554 square feet, to the County's occupancy at the Daley Center, and relocating the Clerk of the Circuit Court Child Support function to LL-12.

#### Explanation

- The County has an option to terminate the lease with 12 months' notice and payment of a termination fee of \$1,788,070.50. This fee is to reimburse the Landlord for the unamortized portion of the build out and leasing costs.
- The annual rent currently applicable for the space is \$772,962.82, with the rent escalating to \$849,377.84 annually starting July 1, 2015.
- State of Illinois has reduced funding to the Clerk of the Circuit Court for the Child Support function, therefore, staff cuts have resulted in underutilization of the leased space.
- Space has just become available in the Lower Level of the Richard J. Daley Center. 21,000 SF is available to replace the 30,255 currently occupied at 28 N. Clark.
- The Landlord has an opportunity to lease the space and is therefore requesting an option to terminate the lease by notice on or before June 30, 2015. Landlord has agreed to reduce the termination fee to \$807,650, the effective date of August 31, 2015, if the Landlord exercises the option.
- This represents a savings of \$980,420.50 as compared to the fee under the County's option, which would be \$1,788,070.50 at that date, or a 55% reduction.
- The Landlord will give this notice only if it is able to enter into an agreement to lease the space.
- In addition to the reduced fee, the Landlord is providing an allowance of up to \$75,000 for the purpose of designing the Daley Center space and making other preparations to move.
- This allowance will be paid regardless of whether the Landlord exercises the option, because the County must begin design right away and be ready to commence construction immediately in order to vacate the leased space by the Landlord's required surrender date of August 31, 2015.