



LAKE COUNTY FOREST PRESERVES
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Preservation, Restoration, Education and Recreation

DATE: April 4, 2019

TO: Terry Wilke, Chair
Finance Committee

Agenda Item# 9.1

FROM: James E. Ballowe
Director of Facilities

RECOMMENDATION: Recommend approval of a Resolution awarding a Contract for Professional Real Estate Brokerage Services to Barrington RE Investment Services LLC ("BREIS"), Long Grove, Illinois, for the purpose of leasing the second floor of the District's General Offices in Libertyville, Illinois.

STRATEGIC DIRECTION SUPPORTED: Organizational Sustainability

FINANCIAL DATA: The immediate financial impact to the District to enter into this agreement would be no more than \$2,000.00 for marketing and advertising of the property. If BREIS successfully procures a tenant, it (and possibly other participating brokers) would receive compensation as provided in the agreement. Rental revenue for all available rental space on the second floor is potentially \$500,000.00 per year, which could offset some of the annual building operation costs.

BACKGROUND: In October, 2016, the District contracted with BREIS for professional real estate brokerage services to lease out the second floor at the General Offices. With the initial leasing contract term expiring, District staff is recommending renewal of the contract with BREIS.

Under the contract attached to the resolution, BREIS would have the exclusive right to represent the District as broker in leasing the second floor. BREIS would be responsible for advertising the leasable space and recruiting potential tenants. The initial Asking Lease Rate shall be \$21.00 per square foot per year with the brokerage commission being \$1.00 per rented square foot. Additional commissions would be due if a procuring broker assists in leasing space. The term of this agreement is for two years. BREIS will place a sign on the property and create a website dedicated to the property. The costs of the sign and website will be paid by the District not to exceed \$1,200.00 and \$800.00 respectively and shall remain the property of the District.

REVIEW BY OTHERS: Executive Director, Chief Operations Officer, Director of Finance, Corporate Counsel.

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**A RESOLUTION AWARDING A CONTRACT FOR PROFESSIONAL REAL ESTATE
BROKERAGE SERVICES TO BARRINGTON RE INVESTMENT SERVICES LLC**

WHEREAS, the Lake County Forest Preserve District (the “District”) desires to retain a firm to provide professional real estate brokerage services to lease the second floor of the District’s General Offices, 1899 West Winchester Road, Libertyville, Illinois 60048 (the “Services”); and

WHEREAS, the Director of Facilities, Chief Operations Officer, and Executive Director have determined that the Services require personal confidence; and

WHEREAS, Barrington RE Investment Services LLC has submitted a proposal for the Services; and

WHEREAS, the Director of Facilities, Chief Operations Officer, Executive Director, and Finance and Administrative Committee have reviewed the proposal submitted by Barrington RE Investment Services LLC and recommend that the Board of Commissioners (i) find the proposal submitted by Barrington RE Investment Services LLC to be the proposal that is most advantageous to the District and (ii) award a contract for the Services, in substantially the form attached hereto as Exhibit A (the “Contract”), to Barrington RE Investment Services LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois, **THAT**:

Section 1: Recitals. The recitals set forth above are incorporated as a part of this Resolution by this reference.

Section 2: Award of Contract. The Contract, in substantially the form attached hereto, is hereby awarded to Barrington RE Investment Services LLC.

Section 3: Execution of Contract. The Executive Director of the District is hereby authorized and directed to execute the Contract in substantially the form attached hereto.

Section 3: Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this ____ day of _____, 2019.

AYES:

NAYS:

APPROVED this ____ day of _____, 2019.

Angelo Kyle, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Secretary
Lake County Forest Preserve District

Exhibit No. _____

EXCLUSIVE LEASING AGREEMENT
1899 West Winchester Road
Libertyville, IL 60048

In consideration of the services of BREIS Barrington RE Investment Services LLC ("BREIS") to secure Approved Tenants for the Property (as such terms are defined in this Agreement) and its other obligations under this Agreement, Lake County Forest Preserve District ("Owner") hereby grants BREIS the exclusive right to lease the Property for a period beginning April 9, 2019 ("Effective Date") and ending at 11:59 p.m. on April 8, 2021. The "Property" is the second floor, totaling approximately 30,000 rentable square feet, of the office building located at 1899 West Winchester Road, Libertyville, Illinois 60048, and is generally depicted on the floor plan attached hereto. The Asking Lease Rate (defined further in Section 8 below) shall be \$21.00 per square foot full gross or such amount as Owner may accept. The parties further agree as follows:

1. Leasing Direct — In the event that BREIS secures an Approved Tenant (as defined in Section 7) that executes a lease for the Property and such lease is approved by the Owner's Board of Commissioners (an "Approved Lease"), and no other Procuring Broker (as defined in Section 2) is involved in procuring such Approved Tenant, Owner shall pay to BREIS a commission equal to \$1.00 per rentable square foot per year for each year during the initial term of the Approved Lease (a "Lease Year"), except that a Lease Year will not include any period of time (i) prior to the commencement or termination of the Approved Lease (including partial calendar years before or after such commencement or termination), (ii) during which rent is abated, (iii) during which an Approved Lease has been renewed, or (iv) more than eight years after the Effective Date (the "Approved Commission Rate"). Each Approved Lease must have a term of ten (10) years or less.
2. Leasing with an Outside Broker — In the event that BREIS secures an Approved Tenant who executes an Approved Lease, and another broker that is unaffiliated with BREIS and that has entered into a separate written agreement (a "Procuring Broker Agreement") with Owner (a "Procuring Broker") is involved in procuring the Approved Tenant, then
 - a. Owner shall pay BREIS 50% of the amount payable to the Procuring Broker under the Procuring Broker Agreement and
 - b. Owner shall pay a commission to Procuring Broker pursuant to the Procuring Broker Agreement.

In negotiating a Procuring Broker Agreement, Owner shall propose a commission rate that is not less than the Approved Commission Rate.

3. Leasing Commission Payments — Any commission payable by Owner to BREIS shall be payable as follows:
 - a. Fifty percent (50%) of the total commission shall be payable within forty (40) days after receipt by Owner of an invoice issued not earlier than the full execution of an Approved Lease; and

- b. Fifty Percent (50%) of the total commission shall be payable within forty (40) days after receipt by Owner of an invoice issued not earlier than the first date upon which rent is due under an Approved Lease.

No commissions shall be deemed earned in any event unless and until an Approved Lease has been approved by Owner's Board of Commissioners and executed by and delivered to all parties. Every Approved Lease shall include a provision recognizing BREIS's right to be paid a commission by Owner per this Agreement.

4. Registered Prospects — Upon the expiration or early termination of this Agreement, BREIS shall, within ten (10) business days after such expiration or termination, provide Owner with (i) a list of each prospective tenant that qualifies as an Approved Tenant and otherwise complies with this Agreement and has, prior to such expiration or termination, executed a letter of intent to lease a portion of the Property at a rental rate not less than the Asking Lease Rate (or such lower rate approved by Owner in writing) (a "Registered Prospect") and (ii) a copy of such letter of intent (a "LOI"). If, within six (6) months after the expiration or termination of this Agreement, Owner enters into an Approved Lease with a Registered Prospect, and BREIS timely identified the Registered Prospect and timely provided the Registered Prospect's LOI to Owner as set forth in this Section, then Owner shall pay a commission to BREIS according to Section 1 or 2 above.
5. Owner Warranty — Owner warrants that it owns the Property and has authority to execute this Agreement.
6. Termination — Either Owner or BREIS may terminate this agreement (i) for convenience, by providing not less than thirty (30) days' written notice to the other party, (ii) if the other party has defaulted under this Agreement and has failed to cure such default within five (5) days after receiving a notice describing such default, or (iii) if Owner sells the Property, upon written notice to the other party.
7. BREIS Obligations — BREIS shall:
 - a. use diligent efforts to secure up to four (but not, without Owner's written consent, more than four) tenants, each of which (i) will use the Property solely for office uses and uses that are ancillary to office uses, (ii) will occupy not less than five thousand (5,000) square feet (unless such minimum amount is waived by Owner) of the Property, and (iii) will have as its principal business or purpose, a business or purpose that does not conflict with Owner's mission, as determined by Owner, which determination will be made promptly and reasonably (each, an "Approved Tenant"), at a rental rate that is (i) at least \$21.00 per square foot full gross (the "Asking Lease Rate") or (ii) a rate less than the Asking Lease Rate, if approved by Owner in writing,
 - b. within thirty (30) days after the Effective Date, prepare and provide to Owner a marketing plan for leasing the Property in a form and in substance reasonably acceptable to Owner (the "Marketing Plan"),
 - c. take prospective tenants to the Property and otherwise market the Property in accordance with the Marketing Plan,
 - d. cooperate with licensed real estate brokers, who may be Procuring Brokers,

- e. comply with all laws respecting the matter of this Agreement,
 - f. prepare and provide to Owner by the tenth (10th) day of each month, a report, for the preceding calendar month, in reasonable detail, summarizing BREIS's activities hereunder and the results obtained therefrom, in a form reasonably acceptable to Owner and including such information regarding advertising, people contacted, expenses incurred, Property showings and related matters as Owner requests,
 - g. place a marketing sign on the Property in a size and design, and with content, that have been approved by Owner, subject to any required approval from the Village of Libertyville or the applicable owner's association, which sign will be owned by Owner (the "Marketing Sign"), and
 - h. design and establish a website dedicated to marketing the Property, with a design and content that have been approved by, and that will be owned by, Owner (the "Website").
8. Expenses — Owner shall reimburse BREIS for (i) the Marketing Sign, in an amount not to exceed \$1,200.00, and (ii) the Website, in an amount not to exceed \$800.00. BREIS shall be responsible for all other expenses that it incurs in performing its obligations under this Agreement.
9. Tenant Representation — BREIS shall not represent any prospective tenant for the Property without the prior written consent of Owner, which shall not be unreasonably withheld.
10. Insurance — BREIS shall maintain (unless waived in writing by Owner), during the entire term of this Agreement, the following insurance coverages:
- a. all legally required insurance coverage relating to its employees, if any, including Workers' Compensation,
 - b. Business Auto Liability coverage (naming Owner as an additional insured),

All policies shall be in forms, have limits, and be issued by insurance companies, reasonably acceptable to Owner in forms and limits that have been approved by Owner, which shall not unreasonably withhold or delay such approval. BREIS shall provide certificates of insurance of all such policies to Owner within five (5) days of Owner's request. BREIS shall give Owner at least thirty (30) days' prior written notice of cancellation of any insurance.

11. Indemnification — BREIS shall defend, indemnify and hold harmless Owner, and its commissioners, officers, employees, attorneys, and agents, against and from all liability, loss, damage, cost or expense (including, without limitation, reasonable attorneys' fees and expenses) to the extent attributable to the willful misconduct, gross negligence, fraud, embezzlement or breach of trust of or by BREIS or any of its officers, directors, agents or employees.

12. Assignment — Neither party may assign its rights or obligations under this Agreement without the written consent of the other party.

BREIS Barrington RE Investment Services LLC
District
21660 W. Field Parkway
Suite 118
Deer Park, IL 60010

Lake County Forest Preserve

David K. Smith
Managing Broker
(847) 847-7202

Angelo Kyle
President