

ORDINANCE NO. 006-34

AN ORDINANCE AUTHORIZING A
PILOT PROGRAM FOR THE LEASING
OF SPACE AT 567 WEST LAKE
STREET, CHICAGO, ILLINOIS, AND
AMENDING THE AUTHORITY'S
PROFESSIONAL MANAGEMENT
AGREEMENT WITH TRANSWESTERN
COMMERCIAL SERVICES ILLINOIS,
LLC (B03OP01947)

WHEREAS, Section 54 of the Regulations Governing Purchase and Sales Transactions ("Purchasing Regulations") governs how the Authority awards real estate contracts, including leases; and

WHEREAS, Under the Purchasing Regulations, requests for proposal and invitations for bid are published in a newspaper of general circulation where the property and the bid opening date are described; and

WHEREAS, Where price only is involved, award will be to the highest bidder; and

WHEREAS, In 2004, the Authority entered into a contract with Transwestern Commercial Services Illinois, LLC, d/b/a Transwestern Commercial Services ("Transwestern"), for professional management and real estate consultation and leasing services for 120 North Racine and 567 West Lake Street, No. B03OP01947 ("Contract"); and

WHEREAS, Transwestern's leasing services include conducting a market analysis, preparing leasing and marketing materials, preparing the leasing request for proposals, providing technical assistance during proposal evaluation, and acting as the Authority's agent for the lease; and

WHEREAS, Per the Contract, Transwestern's services must be performed in accordance with the Authority's Purchasing Regulations; and

WHEREAS, Transwestern receives a commission for its services once a lease is consummated; and

WHEREAS, In the private sector for brokering retail lease spaces, a process other than the Purchasing Regulations applies; and

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WHEREAS, In the private sector, a broker conducts a survey to define lease parameters for the space, develops a market plan, creates marketing materials, lists the property in a multiple listing system, and assists in lease negotiations; and

WHEREAS, There exist six lease locations at the 567 West Lake building;
and

WHEREAS, Authority staff previously followed its Purchasing Regulations to locate retail tenants, with limited success; and

WHEREAS, Staff suggests that one of the reasons for the low response is because private, commercial businesses are either unaccustomed to or do not like the process required by the Authority's Purchasing Regulations, as they are not common in the industry; and

WHEREAS, Staff recommends allowing Transwestern to apply brokerage methods common in the retail leasing industry, for a 1-year pilot program, to attract viable tenants for the remainder of the retail space (excluding the 12th floor) of 567 West Lake Street; and

WHEREAS, Transwestern's Contract must be amended to achieve staff's recommendation; and

WHEREAS, Staff recommends that for the pilot period, Section 54.5 of the Purchasing Regulations not apply to the leasing of retail space at 567 West Lake; now, therefore:

**BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD
OF THE CHICAGO TRANSIT AUTHORITY:**

SECTION 1. Section 3.4 of Contract B03OP01947 between the Authority and Transwestern is hereby amended to permit Transwestern to utilize brokerage methods common in the retail leasing industry to attract tenants to the remaining vacant retail space (excluding the 12th floor) of 567 West Lake. Said brokerage authority shall remain in effect for a period of 1 year. The amendment shall be substantially in conformance with Exhibit A, attached hereto. Transwestern's commission for its brokerage service, as set forth in the Contract, and all other sections of the Contract shall remain unchanged.

SECTION 2. Section 54.5 of the Authority's Purchasing Regulations shall not apply to the brokerage services described in Section 1, above.

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SECTION 3. Staff shall periodically report to the Board as to the status of this revised leasing process.

SECTION 4. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

Assistant Secretary

March 16, 2006

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