STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

LISA WEBB SHARPE
DIRECTOR

September 26, 2007

Dear Sir or Madam:

Subject: State of Michigan Seeks Office Space (SR #2007-0148)

Wanted To Lease

The State of Michigan is seeking 120-200 square feet of office space. Anyone interested in offering space or seeking additional information should visit http://www.michigan.gov/dmb-realestate and select Current Projects & RFPs for more information and respond accordingly.

Thank you,

Ashley W. Jones III
Property Specialist, Real Estate Division

MASON BUILDING • 1ST FLOOR • PO BOX 30026 • LANSING, MICHIGAN 48909
WWW.MICHIGAN.GOV • (517) 335-6877

REQUEST FOR PROPOSAL

DEPARTMENT OF LABOR AND ECONOMIC GROWTH/ARENAC COUNTY

#2007-0148 SEPTEMBER 26, 2007

Introduction

The State of Michigan (State or Lessee) by the Department of Management and Budget (DMB) for the Department of Labor and Economic Growth is evaluating its space alternatives in Arenac County, Michigan. Please respond to the Request for Proposal (RFP) if you (Lessor or Proposer) have a potential location in the geographic boundaries detailed below. If you have more than one potential location, submit separate proposals for each location. Each proposal should be submitted in a sealed envelope with the proposed location clearly written on the envelope.

Please review and read this package thoroughly. Your proposal should be based on the sample documents and the requirements as detailed in this package.

The State reserves the right to waive any irregularities or defects in any submission; to request clarifications or additional information regarding proposals; to conduct a Best and Final Offer (BAFO); and to reject any and all proposals at its sole discretion. The submission of this RFP does not constitute an agreement to lease with the State. The State shall assume no liability whatsoever for any expense incurred by a Proposer in replying to this RFP. A lease agreement, if completed, shall be with the Proposer/proposal deemed to be in the best interest of the State of Michigan.

I. Space and Occupancy Requirements

1. **Space and Location (Premises):** The State requires approximately 120-200 usable square feet of office located within the boundaries of Arenac County. Please identify the location of the space.

Please verify that the Premises square footage is based upon the A.N.S.I. Z65.1 - 1996 method for calculating space.

2. **Parking:** The State requires Four (4) parking spaces. Please describe the parking provided at the site, including the total number of spaces available and provide detail as to how you will meet this parking requirement.

3. **Occupancy/Commencement:** The Occupancy/Commencement Date is the latest date on which the improvements to the Premises are substantially complete and the Lessor secures a Certificate of Occupancy, or the Lessee begins beneficial use of the Premises. The Lessor will deliver the Premises to the Lessee no later than December 1. 2007. Please provide an estimated time frame to build out the Premises, if applicable.

II. Lease Terms

1. **Initial Lease Term:** The initial Lease Term is One (1) years.

   Please propose a fixed, or flat, rental rate for a:

   - **Gross Lease:** including all expenses -- taxes, insurance, janitorial, maintenance, and etc.
   - **Net Lease:** excluding utilities and janitorial services

2. **Renewal Option(s):** Please provide a rental rate based on the terms and conditions outlined in the initial lease term for N/A -year renewal option(s).

3. **Adjustments/Escalation:** There will be no adjustments made to the rental consideration for operating costs, real estate taxes, etc. If necessary, please state any incremental increases in fixed amounts as opposed to using an index or percentage as the basis for changes.

4. **Operating Expenses:** For comparison purposes, please provide actual operating expenses and real estate taxes (for an existing building) for the past three years.

5. **Allowances and Contributions:** Please include all allowances or contributions proposed with respect to design costs, construction, moving, and any allowance items (indicate a per square foot moving allowance in the space provided on the Space Available Proposal (SAP) form).

6. **Free Rent:** Please indicate any free rent in the space provided on the SAP form. Although free rent is not required, any proposed free rent will be considered in the overall financial evaluation of the proposal.

7. **Cancellation:** All State government leases for real property, for a term in excess of one (1) year, are required to contain a cancellation provision as established within the framework of the 1963 Michigan Constitution. The SAP form(s) attached in this RFP contains a Standard cancellation provision requiring a Thirty (30) day written notice.

8. **Security Deposit:** The State will not provide a security deposit.

III. Building Specifications and Systems

1. **Building and Tenant Improvements:** If you are submitting proposal(s) for either a build to suit or an existing building requiring remodel work, reference the attached specifications for guidelines. The Lessor will be responsible for providing the Premises in a turnkey condition.

   Please provide a detailed description of the building and other material descriptions; for example, explain the HVAC system, the type of access and security system and

procedures, and the telecommunications services available, barrier free design, etc. that will allow the State to understand the quality and appearance of the building.

Please include a proposed floor plan for the Premises, as well as an electronic version of Auto Cad drawings, if available.

2. **Taxes, Permits and Fees:** The Lessor is responsible for all taxes, permits, fees, etc., required for any construction and/or remodeling. It is the responsibility of the Proposer to acquire and pay for the necessary plans and specifications from their architect/engineer. The Lessor is responsible for all necessary inspections by the architect/engineer during the construction and/or remodeling.

3. **Environmental Disclosure:** The Lessor covenants that he/she has undertaken a due diligence inquiry of the Premises. The Premises, and property on which the Premises are located, are free of any toxic, hazardous or injurious substances as defined under Federal and State laws and regulations.

IV. Forms, Documents, and Overview

1. **Enclosed Documents:** The enclosed documents (electronic copies only) are provided to assist you in establishing your rental rate:

- Sample Lease
- Remodeling or Construction Standards and Specifications. These specifications are to be used in determining the cost of remodeling and/or construction
- Floor plan(s), if applicable N/A
- Janitorial and Recycling Standards
- Legal Document Checklist
- Executive Directive 2003-22
- Environmental Assessment Checklist
- ANSI Standards
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2. **Space Available Proposal form(s) for a Gross and/or Net rate:** To be entitled for consideration, your proposal shall be made on the enclosed Space Available Proposal form(s) and **all blank spaces** on the form(s) shall be filled in **(Please note: Proposal forms not completely filled in may be rejected)**.

Both the **monthly base** rental rate and the **monthly operating** rate must be provided. For example, the base rental rate refers to such things as amortized debt and renovation costs, depreciation, return on investment, etc, and monthly operating rate refers to such things as real estate taxes, utilities, and other operating expenses (trash removal, snow plowing, etc.) paid by you as the Lessor. The monthly rent figure should represent 1/12 of the annual rent rounded to the nearest whole dollar. The annual rent figure should include the cost for both base rent and operating rent on a per annum basis. Numbers shall be clearly hand printed or typed. Where there is a discrepancy, typed numbers shall prevail.

Your signature shall be in longhand, and no part of the proposal form shall be altered (except for your alternate proposals, if any).

3. **Standard Lease Form:** All leases entered into by the State of Michigan are based on the Standard Lease form pre-approved by the Attorney General's office, which is enclosed with this RFP. Any requested exceptions or alterations to this Standard Lease form must accompany your proposal. However, the Attorney General's office must approve as to legal form any proposed revisions. Exceptions to the Standard Lease form may have an impact on the recommendation.

4. **Proposal Lease Process Overview:** The proposed Lease shall not be binding or effective on either party until approved as to legal form by the Department of Attorney General; signed and notarized by the Lessor and the Lessee; approved by the Building Committee of the State Administrative Board and the State Administrative Board; and signed and notarized by the Department of Management and Budget. If the proposed Lease or any subsequent amendments to it fall within the requirements of 1984 PA 431, as amended, MCL 18.1101 et seq. (Management and Budget Act), the proposed Lease and any subsequent amendments to it shall also require approval of the Joint Capital Outlay Subcommittee of the Legislature. The effective date of the proposed Lease is the date that the last State Governmental approval is obtained as set forth on the signature page. At any time prior to the last State governmental approval, the State reserves the right to reject the proposal and terminate the Lease approval process.

5. **Legal Documentation:** Pursuant to the DMB Act (Public Act 431, as amended) all leases must be approved as to legal form by the Attorney General's office, which includes the submission of documentation necessary to evidence legal authority of Proposer to enter into the lease agreement, including the signatory's authority to bind. For your convenience, a guideline indicating necessary legal documentation is included with this RFP. **Failure to provide appropriate legal documentation may result in your proposal being rejected.**

VI. Selection Criteria and Submission

1. **Selection Criteria:** The selection of the recommended proposal is based on, but is not limited to, the following criteria:

- A clear and concise proposal, particularly in terms of dates, numbers, dollars, and any other information as requested in this RFP. Vague and/or general proposals may be rejected
- The ability to comply with Barrier Free Design
- The ability to comply with Executive Directive 2003-22
- The ability to meet any build out specifications and timelines, and special needs of the Lessee
- The ability to meet space and parking requirements
- The overall condition of the building, including infrastructure, HVAC, property, etc. (existing space)
- The overall cost, which is deemed in the best interest of the State

- The type of accessibility (e.g. roads, public transportation, etc.)
- The type of utilities available

2. **Required Documents:** Please return the following documents for our review and consideration. **Please note: Failure to provide the following may result in your proposal being rejected.**

- Written Summary of Proposal – include descriptions and information requested
- Completed Space Available Proposal form(s) (Gross)
- Proof of Ownership of Property and Legal Authority to enter into the lease agreement
- Environmental Assessment Checklist
- Proposed Floor Plan (You must show how the State's requirements, using State standards, will fit your proposed site)

3. **Questions and Answers:** Questions concerning clarifications or specifications contained in this RFP are to be submitted by email only (please indicate the appropriate proposal in your subject line) no later than **October 16, 2007** to: DMB-RealEstate@michigan.gov.

   Answers to questions will be prepared and posted on the website at www.michigan.gov/dmb-realestate no later than **October 23, 2007**. Prospective Proposers should check the website for any updates, questions and answers.

   The State will not respond to telephone inquiries or visitation by Proposers or their representatives, or respond to questions after the due date.

4. **Proposal Submission:** Proposals are due **on or before October 30, 2007** to Ashley W Jones III, State of Michigan, DMB Real Estate Division, Mason Building 1st Floor, 530 West Allegan Street, Lansing, Michigan 48933.

Please submit Three (3) copies of your proposal following the above format and providing the requested information, and simultaneously emailing a copy of your proposal to DMB-RealEstate@michigan.gov, indicating the appropriate proposal in the subject line.

THE ABOVE DATES WILL BE STRICTLY ADHERED TO

All proposals shall be valid for ninety (90) days from the submission of the due date.

5. **Best and Final Offer (BAFO):** Proposers are advised to propose their best possible offer(s) at the outset of the process, as there is no guarantee that any Proposer will be allowed an opportunity to submit a best and final offer.

   If the selection process described in the RFP does not lead to a viable recommendation, the Department of Management and Budget (DMB), at its discretion, may request a BAFO. The BAFO may include any changes to the original cost proposal.

After reviewing the BAFOs, DMB will evaluate the revised proposals using the original method. If an alteration to the original published evaluation criteria is to be made, such changes in the criteria will be published to all Proposers.

Proposers will NOT be provided any information about other proposals or fees or where the Proposer stands in relation to others at any time during the evaluation process.

6. **State Acceptance and Authority:** After all proposals have been analyzed and the recommendation is made to and accepted by the Department, DMB will notify all Proposers accordingly. Any proposals not meeting the minimum requirements of the enclosed sample lease and instructions may be rejected.

The DMB Act (Public Act 431, as amended) specifies that the DMB is the only department authorized to enter into lease agreements, subject to obtaining all necessary approvals.

No individual, employee or agent of the State of Michigan has authority to bind the State without proper authorization.

In accordance with the above, oral or written promises or representations made regarding a lease agreement, existing or proposed, or transmittal of written documents that have not been approved by the State Administrative Board, shall not be binding on the State. You must receive a fully executed document, signed by an authorized representative of the DMB, for an agreement to be valid.

Thank you for your interest in doing business with the State of Michigan.

GROSS SPACE AVAILABLE PROPOSAL SR# 2007-0148

State of Michigan - Department of Management and Budget - Real Estate Division

This form is a **proposal only** to serve notification that the property noted below, with the building construction/remodeling, as per prints and specifications, is available for lease to the State of Michigan. NOTE: The State reserves the right to accept any proposal, to reject any or all proposals, and/or to waive any defects in proposal. Establishment of a lease agreement, if made, shall be with the Proposer whose proposal is in the best interest of the State of Michigan.

NAME OF PROPOSER (LESSOR) CONTACT PERSON:	ADDRESS OF PROPOSER (STREET)
CURRENT LEGAL ENTITY (i. e., HUSBAND/WIFE, LLC, CORP., PARTNERSHIP)	CITY STATE ZIP CODE
TELEPHONE NUMBER FAX NUMBER	EMAIL ADDRESS (Print Clearly)
BUILDING ADDRESS AND/OR LEGAL DESCRIPTION OF LEASED PREMISES Zip Code: _____	TOTAL BUILDING SQ. FT. (PROVIDE DOCUMENTATION) PERCENT OF BUILDING LEASED TO THE STATE ___% SQ. FT. OF LEASED PREMISES CURRENT STATE EQUALIZED VALUE (SEV) $ DATE OF SEV _____

INITIAL LEASE TERM: One-year		CANCELLATION: **Standard 30**-day notice		
(A) MONTHLY BASE RENT $	**(B)** MONTHLY OPERATING COST $	**(C) (A + B = C)** MONTHLY RENT $	ANNUAL RENT $	SQ FT RATE $
RENEWAL OPTION TERM: -year		CANCELLATION: **Standard** -day notice		
(A) MONTHLY BASE RENT $	**(B)** MONTHLY OPERATING COST $	**(C) (A + B = C)** MONTHLY RENT $	ANNUAL RENT $	SQ FT RATE $

TOTAL DEVELOPMENT COST OR REMODELING COST: $	LUMP SUM COST INCLUDED IN FIRST MONTH RENT: $	NO. OF ON-SITE PARKING SPACES:

If applicable, indicate any of the following:

☐ **Moving Allowance $_____** ☐ **Free Rent for _____ months/years (circle one)**

SERVICES TO BE PROVIDED BY LESSOR AND/OR STATE:			
Heat and Air Conditioning Utilities	LESSOR	Telephone System	State
Electricity	LESSOR	Alarm System	State
Water and Sewer	LESSOR	Grounds Maintenance	LESSOR
Janitorial Services and Supplies	LESSOR	Snow Removal	LESSOR
Restroom Supplies	LESSOR	Trash Removal (dumpster)	LESSOR
Water Well and/or Septic System Maintenance	LESSOR	Parking Lot Maintenance	LESSOR
Maintenance of Sidewalks, Curbs, and Gutter	LESSOR	Maintenance of Portable Fire Extinguishers	LESSOR
Pest Control	LESSOR	Replacement of Tubes and Bulbs	LESSOR
		Building Maintenance (including Physical Plant)	LESSOR

FAILURE TO RETURN THIS FORM WILL EXCLUDE YOU FROM CONSIDERATION AS A PROPOSER ON THIS PROJECT. YOUR NAME WILL REMAIN ON THE BIDDERS LIST FOR FUTURE PROJECTS.

I/We have confirmed financing arrangements if I/we are selected by the State of Michigan to construct and/or remodel and lease to the State this Building for possession by the Michigan **Department of Labor and Economic Growth** and are prepared to submit written evidence of such funding arrangements within 15 days of being selected as the successful Proposer.

THIS FORM MUST BE COMPLETELY FILLED OUT, SIGNED AND RETURNED TO THE FOLLOWING ADDRESS: **Ashley W Jones, III** State of Michigan DMB, Real Estate Division **Mason Bldg 1st Floor** **PO Box 30026** **Lansing, Michigan 48909**	PROPOSAL TO BE RECEIVED IN THIS OFFICE ON OR BEFORE: **October 30, 2007** POSSESSION TO TAKE PLACE ON OR BEFORE: **December 1. 2007** WHAT IS THE CURRENT ZONING? DO YOU HAVE LEGAL TITLE TO PROPERTY?
SIGNATURE(S)	DATE

DEFINITIONS ON NEXT PAGE

SQUARE FOOTAGE (Leased Premises) - The amount of square footage using inside dimensions that can be used by the State for which rent is charged (based upon the A.N.S.I. Z65.1 - 1996 method for calculating space).

MONTHLY BASE RENTAL RATE – For example: The portion of the monthly rental payment, which is attributable to debt service and return on equity (excluding operating costs).

MONTHLY OPERATING COST – For example: The portion of the monthly rental payment, which is attributable to operation expenses, such as utilities, maintenance, real estate taxes and/or insurance.

Monthly Base Rental Rate + Monthly Operating Cost = Total Monthly Rent

POSSESSION - Lawful availability and physical access to install the State's furnishings and compliance with submitting a certificate of occupancy and completion of remodeling standards and specifications.

RENEWAL OPTION - A lease covenant giving the State the right to extend a lease for an additional period on specified terms.

TOTAL DEVELOPMENT COST - The total cost of the project, including the construction of the building and purchase of the land.

LUMP SUM COST - Predetermined dollar amount based on a percentage of the total development cost, payment of which shall be made to the Lessor upon submission of proper invoices concurrently with the first month's rent consideration for satisfactory completion of the remodeling or construction work.