

Board Meeting
January 15, 2009

ROLL CALL

APPROVE LEASE OF SPACE FOR UNIVERSITY OF ILLINOIS EXTENSION,
MACON COUNTY, DECATUR, ILLINOIS

Action: Authorize the Lease of Space Located at 3351 North President Howard Brown Blvd., Decatur, Illinois

Funding: Institutional Funds Operating Budget

The Chancellor at Urbana recommends that the University lease 10,827 square feet of office/classroom space on the campus of Richland Community College, Decatur, Illinois, and located at 3351 North President Howard Brown Blvd., for the period June 1, 2009, through June 30, 2014. The landlord is Community College District #537. The leased space would accommodate offices and community classroom space. Requirements include eleven offices; three conference/classrooms; four small storage rooms; one large storage room; one kitchen/teaching area; one break room; one women's restroom; and one men's restroom.

The required space exceeds 10,000 square feet but in accordance with Article VII, Section 10 of the Illinois Constitution, which allows units of local government such as the landlord to enter into intergovernmental cooperation agreements with entities such as the tenant. The publication of a Request for Information (RFI)

pursuant to the Illinois Procurement Code was not required. The lease terms are as follows:

1. Landlord maintains a community college campus which is conducive as a location for the public services and training which is provided by tenant. Landlord has agreed to construct a custom-suited building on its campus specifically for tenant and landlord's needs.
2. The proposed rental rate for first five-year term is \$13.85/psf gross in base rent. This rate compares very favorably to competing space with triple net leases. The base rent will increase annually by CPI or three percent whichever is higher.
3. Landlord will pay for all tenant improvements except window treatment, interior signage, and kitchen appliances.
4. Relocating the program to another location would require paying higher rent and the possibility of paying for tenant improvements.

The term of the proposed lease is five years and one month, with an option to renew for an additional five-year period. Annual base rental costs would start at \$13.85/psf, escalating by CPI or three percent annually on July 1 of each year. The annual first year base cost would equal \$150,000. The lease rate is full service and includes electrical service, water and municipal sanitary district fees, rubbish removal, common area maintenance, insurance, and taxes. The University will be responsible for janitorial service and telephone charges.

Funds for the current fiscal year are available from the County Extension Trust Fund and federal agriculture budgets of University of Illinois Extension College of

Agricultural, Consumer and Environmental Sciences. Funds for future fiscal years will be included in the County Extension Trust Fund and federal agriculture budget requests to be submitted to the Board of Trustees.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The Vice President/Chief Financial Officer and Comptroller concurs.

The President of the University recommends approval.