

Board Meeting
January 15, 2015

ROLL CALL

APPROVE LEASE OF SPACE FOR OSHER LIFELONG LEARNING INSTITUTE,
URBANA

Action: Approve Lease of Space for Osher Lifelong Learning Institute

Funding: Institutional Funds

The Chancellor, University of Illinois at Urbana-Champaign, and the Vice-President, University of Illinois with the concurrence of the appropriate administrative officers, recommends approval, subject to satisfactory resolution of final contract terms, to authorize the Comptroller to execute a lease agreement for 7,906 square feet of office and classroom space on the second floor of 301 North Neil Street, Champaign, Illinois. The landlord is M2 on Neil, LLC.

The leased space would accommodate the University of Illinois Osher Lifelong Learning Institute (OLLI) program on the Urbana-Champaign campus and would house 3 full-time OLLI employees, 2 interns, 70 part-time teaching staff, and student members of which there are currently 1,155. OLLI is a campus program under the Vice Chancellor for Academic Affairs and Provost. The program is principally funded by an endowment from the Osher Lifelong Learning Institute and user fees. Presently, the unit is located at 1800 South Oak Street in the University of Illinois

Research Park. OLLI was offered discounted rent to lease that space five years ago, but renewal of their current space at the current discounted rate is not being offered at this time by the landlord. The successful respondent to the Request for Information was M2 on Neil with a lowest overall cost of occupancy. The proposed lease space is more than \$100,000 per year in cost and required issuance of a Request for Information (RFI) pursuant to the Illinois Procurement Code. The RFI was published on September 5, 2014. A committee of Urbana campus staff evaluated the project and made a recommendation to proceed with the lease consistent with the provisions of the Illinois Procurement Code.

The lease term will be for five years commencing July 1, 2015, through June 30, 2020, with the option to renew for one two-year period and one three-year period. Annual base rent would start at \$16.61 per square foot and would increase approximately one percent annually during the initial term. The first year base rent will total \$131,305. In addition, the University will pay a onetime \$30,000 up-front tenant improvement contribution for classroom fit out from available funds. The proposed lease includes rent abatement of \$5,000 in the first month of the lease to partially offset moving costs estimated at \$10,000. The lease rental rate is full service and includes rubbish removal from the building, common area maintenance, property taxes, and insurance. It also includes water and sewer/sanitary fees. There are no gas fees due to the new, high-efficiency hydronic loop heating and cooling system in the building. The University would be responsible for its own electrical, telephone, internet, and janitorial costs.

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.