

Approved by the Board of Trustees,
January 20, 2005

Board Meeting
January 20, 2005

ROLL CALL

APPROVE CONCEPT FOR LEASE OF UNIVERSITY LAND FOR PHYSICIANS OFFICE BUILDING, UNIVERSITY OF ILLINOIS AT CHICAGO COLLEGE OF MEDICINE AT PEORIA, CHICAGO

A substantial portion of the instructional program for medical students at the University of Illinois at Chicago College of Medicine at Peoria (“COM-P”) is delivered by faculty members who are also practicing physicians in the Peoria community. These faculty-physicians are currently housed in multiple locations throughout the Peoria area. A number of them, together with some non-faculty physicians in Peoria (referred to collectively as “Peoria specialty practice group physicians”), have expressed interest in financing and constructing a physicians’ office building of approximately 100,000 gross square feet on land owned by the University immediately adjacent to the existing COM-P facility. The project would be planned and sited in a manner to enable the new building to be connected to the existing COM-P facility to expand educational space for the COM-P.

It is contemplated that the board would lease (for \$1 per year) a site of approximately six acres contiguous to the COM-P facility to a not-for-profit corporation (“NFP Corp.”) formed by the Peoria specialty practice group physicians for the purpose of housing practice groups complimentary to the COM-P. The NFP Corp. would be responsible for construction and other costs of the facility, pursuant to the terms of the

lease. The lease will preserve the board's authority for design approval and other normal powers exercised by the board concerning capital projects on University property.

Ownership of the building would transfer to the Board of Trustees upon termination of the lease.

There are a number of public purposes which would be furthered by leasing land for a physicians office building contiguous to the existing COM-P facility. The ground lease, and subsequent construction of a physicians office building on that site, will:

- Enhance the University of Illinois' goals in the area of education, research, service, and community economic development;
- Improve the efficiency, scope, and breadth of the medical education programs at the COM-P;
- Promote the best possible medical care in downstate Illinois; and
- Strengthen the teaching function of the COM-P by promoting a long-term, dedicated relationship between the Medical School and certain concerned Peoria specialty practice group physicians as mentors, researchers, and teachers of medical students, residents, and fellows.

Local governmental, civic, and business leaders from Peoria strongly support the project, which they see as increasing economic development opportunities in downtown Peoria. The City of Peoria has created a "medical-technology district," the boundaries of which encompass the entire site of the COM-P and span some 20 city blocks in total. If the proposed physicians office building were approved and constructed, the City of Peoria has committed approximately \$4.5 million in funding to

construct a 400-space parking garage to serve the facility as well as a variety of other infrastructure improvements.

Given the University and community benefits the proposed facility presents, the Chancellor at Chicago recommends:

- That the Board of Trustees endorse the concept of leasing University land adjacent to the existing COM-P facility to the NFP Corp. to enable construction of a physicians office building.
- That University staff work expeditiously to define terms and conditions of a lease mutually acceptable to the University and the prospective lessee.
- That the terms of a proposed lease be reviewed and approved by the chairs of the board's University Hospital, and Buildings and Grounds Committees.
- That as soon as practicable after satisfactory review the final lease be presented to the board or its executive committee for formal approval.

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 President of the University concurs.