

Board Meeting
July 23, 2009

ROLL CALL

AUTHORIZE LEASE OF SPACE FOR COLLEGE OF MEDICINE AT URBANA-
CHAMPAIGN, CARLE FORUM EDUCATION AND CONFERENCE CENTER,
URBANA, ILLINOIS

Action: Authorize Lease of Space Located at Carle Forum Education and
Conference Center, Urbana, Illinois

Funding: Institutional Funds Operating Budget

The Chancellor at Chicago recommends that the University lease 7,134 square feet of medical education and office space in the Carle Forum Education and Conference Center, located at 611 West Park Street, Urbana, Illinois (“Carle Forum”), for a ten year term commencing August 1, 2009. The landlord is The Carle Foundation Hospital. The leased space would accommodate medical and clinical education programs of the UI College of Medicine at Urbana-Champaign (UICOM-UC). UICOM-UC has occupied space in the Carle Forum since its construction in 1998, in which space was designed specifically at that time to meet the needs of the UICOM-UC.

The required space does not necessitate the publication of a Request for Information (RFI) pursuant to the Illinois Procurement Code. A review of available space in the surrounding community did not result in any alternative locations that would meet the need for the specific type and quality of space required by UICOM-UC for its

programs. Additionally, per the intent of the affiliation agreement with Carle Foundation Hospital, UICOM-UC's medical school curriculum requires extensive clinical training for its medical educational activities, the majority of which is best performed at the site of the delivery of health care. There is no other alternative space that meets these needs.

Primary factors in analyzing the lease proposal were:

- a. sufficiency of space to maximize educational and clinical needs for UICOM-UC's medical curriculum;
- b. affiliation agreement between the University and The Carle Foundation for medical education and clinical services;
- c. lack of feasible alternatives in proximity to the Urbana campus and financial requirements to remodel or construct alternative space for use;
- d. lease rates; and,
- e. condition of space and reputation and experience of landlord in operations and maintenance of medical facilities.

For the proposed lease, the gross rental rate is composed of the following components:

Starting Base Rental Rate Years 1-5	\$22.90 PSF	\$163,368.60
Operating and Tax	<u>\$12.14 PSF</u>	<u>\$ 86,631.40</u>
Total Year One Rental Rate	\$35.04 PSF	\$250,000.00

Rent for the second five years of the initial term would be adjusted to reflect changes in actual operating and tax costs, as agreed to by the parties. The lease includes an option to terminate after five years in favor of the University of Illinois, as required by the Procurement Code.

Funds for the current fiscal year are available from the institutional funds operating budget of the UICOM-UC. Funds for future fiscal years will be included in the institutional funds operating 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 concurs.

The President of the University recommends approval.