

Approved by the Board of Trustees  
March 11, 2009

Board Meeting  
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## ROLL CALL

### AUTHORIZE ACQUISITION OF PROPERTY, 3135 OLD JACKSONVILLE ROAD, SPRINGFIELD

**Action:** Authorize the Acquisition of an Approximate 22,121 Square Feet Office Building Located at 3135 Old Jacksonville Road, Springfield

**Funding:** Institutional Funds

The Chancellor at Chicago with the concurrence of the appropriate administrative officers recommends the purchase of a single-story office building containing 22,121 square feet located on a site containing 105,038 square feet at 3135 Old Jacksonville Road, Springfield, Illinois (the “Property”), at a purchase price of \$4,519,957. The Property was originally constructed in 1992 and completely renovated in 2007, at which time the Division of Specialized Care for Children (DSCC) entered into a ten-year lease for use as its headquarters offices in Springfield.

DSCC is the sole tenant of the Property. Under the terms of its lease, it is responsible for all operating and maintenance costs for the Property (including real estate taxes) as Additional Rent. During the first ten years of its occupancy, DSCC will be paying at least \$4,980,000 in Base and Additional Rent. If operating costs or real estate taxes escalate at a rate exceeding 1.5 percent annually (the proforma rate), the rental costs would be even higher.

The purchase price for the Property is supported by an appraised value of \$4,400,000, using a composite of the sales comparison and income capitalization approaches. The purchase price also includes a mortgage prepayment penalty of \$101,957. There are no additional costs for brokerage or for renovation, as the Property was customized for DSCC at the time they entered into the lease in 2007. The purchase price is well below the anticipated rental costs set forth above and would afford DSCC a payback of the purchase price in less than the first ten years of University ownership. The University of Illinois will also be able to secure a tax exemption for the property once title has been conveyed, thus saving more than \$50,000 annually in costs which would otherwise be paid as part of Additional Rent for the Property.

Due to the economic strength of the proposed transaction and the need for permanent DSCC space in Springfield for its headquarters operations, the Chancellor recommends the purchase of the Property.

Funds to complete this acquisition are available from the institutional funds operating budget of the Division of Specialized Care for Children.

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.