

Approved by the Board of Trustees
March 11, 2009

Board Meeting
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ROLL CALL

AUTHORIZE LEASE OF SPACE FOR DIVISION OF SPECIALIZED CARE FOR CHILDREN, 7013 NORTH STALLWORTH, PEORIA

Action: Authorize Lease of Space Located at 7013 North Stallworth, Peoria, Illinois

Funding: Institutional Funds Operating Budget

The Chancellor at Chicago recommends that the University lease 5,620 square feet of office space in the building located at 7013 North Stallworth, Peoria, for a five-year term commencing approximately August 15, 2009. The landlord is RT/150 LLC. The leased space would accommodate a regional office of the Division of Specialized Care for Children (DSCC). DSCC had previously been housed in a Central Management Services regional office building in Peoria, but the space had become increasingly unsatisfactory as DSCC's operation has grown in Peoria.

The required space program does not necessitate the publication of a Request for Information (RFI) pursuant to the Illinois Procurement Code. However, a space search was conducted of building owners and brokers having inventory in the general vicinity in which space is desired in order to test the fair market value of the lease terms for negotiation. Seventeen potential sites were originally identified; seven of these

were toured and three were shortlisted and requested to submit full rental and tenant improvement proposals.

Primary factors in analyzing the lease proposals were:

- a. sufficiency of space to maximize efficiency of workgroups;
- b. accessibility to parking;
- c. traffic considerations for client access and commuting;
- d. lease rates;
- e. condition of space and financial requirements to remodel for use; and,
- f. reputation and experience of landlord in operations and maintenance of commercial properties.

The locations surveyed met minimum requirements, but after viewing the spaces and analyzing their economics, it was determined that the location at 7013 North Stallworth was the superior location.

For the proposed Lease, the starting net rental rate is \$17.50 per square foot, escalating at \$.50 per square foot annually over a five-year term. Beginning January 1, 2010, DSCC will also be responsible for operating costs and taxes for the Premises in excess of those included in the rent for the Base Year of 2009. The 2009 projections for tax and operating costs are estimated at \$6.18 per square foot; this includes rubbish removal, common area maintenance, heating and cooling during normal business hours, insurance, and taxes. The landlord is providing a construction allowance of \$30.00 per square foot (\$168,600.00) towards the cost of tenant improvements. DSCC will be responsible for its own electrical, telephone, and janitorial charges.

To recap, the proposed lease rates are as follows:

Starting Base Rental Rate	\$17.50 PSF	\$98,350.00
Estimated operating costs	\$.15 PSF	\$ 868.29
Total Year One Rental Rate	\$17.50 PSF	\$99,218.29

For comparability, the gross PSF rent equivalent of the other responding locations ranged from \$12.00 to \$18.00. However, the costs to complete tenant improvements to suit DSCC's use, as well as factors governing accessibility to the properties, were exceeded compared to the Stallworth location.

It is proposed to relocate DSCC to 7013 North Stallworth, Peoria, as it is the best location, at a fair market cost, and meets all of the minimum requirements of the tenant. The term of the proposed lease is five years, with options to renew.

Funds for the current fiscal year are available from the institutional funds operating budget of the Division of Specialized Care for Children. 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.