

Board Meeting  
March 12, 2020

ROLL CALL

DETERMINATION OF SURPLUS REAL ESTATE AND DELEGATION OF  
AUTHORITY TO COMPTROLLER TO SELL OR LEASE SURPLUS REAL ESTATE

**Action:** Determination of Surplus Real Estate and Delegation of Authority to  
Comptroller to Sell or Lease Surplus Real Estate

**Funding:** No New Funding Required

The Chancellors of the University of Illinois at Urbana-Champaign and University of Illinois at Chicago, and Vice Presidents, University of Illinois recommend that the real property located at 403 East Healy Street, Champaign; 810 South Clinton Street, Chicago; and 1515 West 15<sup>th</sup> Street, Chicago, be deemed “surplus real estate” by the Board of Trustees pursuant to Public Act 101-0213. It is further recommended, subject to soliciting and receiving a bona fide purchase offer for value, and the satisfactory resolution of final sale terms, including price, that are in the best interests of the University, and consistent with the University’s objectives and purposes, that the Comptroller be authorized to execute and deliver all required transaction documents to consummate the sale of the subject real property.

Public Act 101-0213 amended the State Property Control Act (30 ILCS 605/1 et seq.) to allow the Board of Trustees of any Illinois public institution of higher

education, including the University of Illinois, to sell, lease, or otherwise transfer or convey to a bona fide purchaser for value all or a part of real estate deemed by the Board to be surplus real estate. The Act permits the University to retain the proceeds from such transactions, but requires that such proceeds be maintained in separate account in the Treasury of the University for the purpose of deferred maintenance and emergency repair of University property. The following real estate is recommended to be deemed surplus:

1. 403 East Healy Street, Champaign, Illinois: The subject property is a two-story masonry school building known as the “Colonel Wolfe School” located on a lot having an area of approximately 9,000 square feet at the corner of Fourth and Healy Streets in Champaign, Illinois. The University of Illinois Foundation acquired the property at auction in 1963 at the request of the University which at the time needed the extra space for the College of Education in carrying out a proposed research and demonstration project for disadvantaged youth. In 1974 title to the property was transferred to the Board of Trustees. The building has been only marginally utilized over the last few decades and is currently vacant. The property is outside the UIUC master planning area, has no current or future use, and is a maintenance liability. Therefore, the Chancellor, University of Illinois at Urbana-Champaign, and Vice President, University of Illinois requests that it be deemed surplus real estate.
2. 810 South Clinton, Chicago, Illinois: This building is known as the UIC Chemical Engineering Building and is a 27,375 square foot building located between Polk Street and Cabrini Street. Constructed in 1957, this two-story facility is located approximately four blocks east of UIC’s East Campus and has historically housed the Chemical Engineering Department. Included with this facility is a surface parking lot containing 22 parking spaces. This facility currently has an estimated nine million dollars of deferred maintenance in order to be utilized for University purposes. The majority of deferred maintenance is attributed to the building’s mechanical, electrical, and plumbing systems which need to be replaced. The facility is also in need of an elevator, egress improvements, modernization to the fire alarm and sprinkler system, as well as repairs to the building’s envelope. In the summer of 2019, the Chemical Engineering Department vacated the building and relocated to the new Engineering Innovation Building on the East Campus. Since this time, the Chemical Engineering Building has remained vacant and unoccupied.

There are no current or foreseeable appropriate occupants to move into the Chemical Engineering Building due to its location outside of the master planning area and its current condition. The facility is vacant, cost-prohibitive to maintain, and located off the core campus. Therefore, the Chancellor, University of Illinois at Chicago, and Vice President, University of Illinois has requested it be deemed surplus real estate.

3. 1515 West 15th Street, Chicago, Illinois: This building, known as the “Laflin Warehouse”, is an industrial building of approximately 109,105 square feet. The facility was acquired by the University in 2001 and has been used as a storage warehouse facility and central receiving site for the University. Since its purchase, the structural condition of the Laflin Warehouse has severely deteriorated, making the facility partially unusable and cost-prohibitive for the University to maintain. Impaired wood framing, roof damage, deteriorated exterior walls, disbonded masonry, and a deteriorated building envelope will require an estimated \$10 to \$15 million in repairs. Based on the results of a 2015 structural condition assessment completed by STR Partners LLC, the University concluded that it would not be cost-effective to invest in repairing the facility. Additionally, the University spends \$100,000 annually for a protective sidewalk canopy to shield pedestrians from the crumbling façade. Based on the fact that this facility is outside the UIC master plan and has significant safety and structural liabilities, the Chancellor, University of Illinois at Chicago, and Vice President, University of Illinois has requested the facility be deemed surplus real estate.

Upon the Board of Trustees deeming the above subject properties to be surplus real estate, the System will undertake a sale process including obtaining an appraisal of fair market value and an open and fully transparent solicitation process for purchasers. It is requested that the Comptroller be delegated the authority to conduct the sale process, execute, and deliver the required documents to consummate the sale and purchase transaction, and to deposit the sale proceeds in a separate account for the purpose of deferred maintenance and emergency repair of University property, all in accordance with Public Act 101-0213.

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 with this recommendation.