

Board Meeting
March 9, 2006

ROLL CALL

LEASE OF SPACE FOR COLLEGE OF BUSINESS ADMINISTRATION, CHICAGO

Action: Authorize the Lease of Space located at 322 S. Green Street, Chicago, Illinois

Funding: Institutional Funds Operating Budget

The Chancellor at Chicago recommends that the University lease 7,594 square feet of office space on the first floor of the office building located at 322 S. Green Street, Chicago, Illinois, for the period April 1, 2006, through March 31, 2009. The landlord is Jerome H. Meyer & Co. The leased space would accommodate several programs operated by the College of Business Administration (CBA). These programs are currently housed in separate suites at another leased location, 815 W. Van Buren; however, the needs of the programs have outgrown the existing space. Additionally, the CBA would gain operating efficiencies for conferencing facilities and support space by consolidating these programs in one location.

The required space program did not necessitate the publication of a Request for Information, but a space search was conducted to ascertain the comparability of available space in the general vicinity of the University. There were 20 rental spaces available in the area, of which 12 did not meet the space requirements of the program.

The pertinent facts of the eight potential locations determined by the space survey are summarized as follows:

1. Rental rates ranged from \$18.00-\$20.00 per square foot (psf) gross annually. The average rental rate was \$19.24. The lower rental rates were on the east side of the Dan Ryan Expressway in an otherwise industrialized area, and are not suitable for the CBA.
2. Three of the locations had inadequate conference facilities for CBA's program requirements.
3. One of the locations had no interior construction at all, and the remainder would require painting and carpeting.

A lease with Jerome H. Meyer & Co. for space at 322 S. Green is proposed as the most suitable location for the College's program, at the least cost. The landlord would provide painting, carpeting, and some minor construction alterations to suit the tenant's program. The conference facilities are excellent, and the first floor location provides visibility for the College. The term of the proposed lease is three years. Annual base rental costs would start at \$18.75/psf, escalating three percent annually on April 1 of each year. The annual first year base cost would equal \$142,387.50. As this is a gross lease, provisions of heating, air conditioning, and janitorial services are included. The University will be responsible for charges related to electricity and telephone service.

Funds for the current fiscal year are available from the institutional funds operating budget of the College of Business Administration. 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 for Administration concurs.

The President of the University recommends approval.