

Approved by the Board of Trustees,
May 19, 2005

Board Meeting
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LEASE OFFICE SPACE FOR GRANTS AND CONTRACTS, URBANA

Action: Authorization to Execute a Lease Agreement at 1901 South First Street, Champaign

Funding: Institutional Funds

The Chancellor Designate and Vice President for Administration with the concurrence of the appropriate administrative officers recommend, subject to the availability of funds and satisfactory resolution of final lease terms, that the comptroller be authorized to execute an agreement to lease approximately 17,743 square feet of office space at 1901 South First Street, Suite A and Suite C, University Research Park, including approximately 1,834 square feet of building commons.

The processes and units within the University supporting its research enterprise span a wide array of academic, business, and finance functions. To ensure the most efficient and effective support of research activities possible, it is important that these processes and units be well coordinated and highly integrated. After a review of research support activities, the Chancellor Designate at Urbana and the Vice President for Administration have implemented organizational changes to bring units formerly managed separately into a new organization with common management. The leased space will be used to satisfy current and future programmatic needs of Urbana campus sponsored project administration, including the Office of Sponsored Projects and

Research Administration (Pre-Award), Post-Award Administration, and Government Costing. To ensure maximum efficiency, it is important that the staff in this organization be housed in contiguous space that allows convenient access by the Urbana campus research community. There is no available campus space to meet the expanding program needs nor were there other locations in proximity to campus that could accommodate the entire staff.

The proposed lease is anticipated to commence on June 1, 2005. The primary lease term will be five years, with a one-time right to terminate all or a portion of the leased space effective no earlier than the end of the 36th month of the lease term. Further, the University will have five additional single-year renewal options. The annual base rent for the initial five-year lease term will be fixed at \$301,614.00 per year (\$17.00 per sq. ft.), which includes building commons rent. First month's rent will be abated by landlord. Tenant improvement costs to remodel the space to University specifications will be the responsibility of the landlord at landlord's sole cost and expense. However, in the event tenant elects to early terminate the lease under the one time option provision, tenant shall reimburse the unamortized portion of the tenant improvements. Rent for each renewal option will be tied to a CPI index. The rental costs are competitive with the cost of comparable rental space in the community. The proposed lease is in compliance with the provisions of the Illinois Procurement Code. Funds for the lease will be included in the institutional funds operating budget authorization request to be submitted to the Board of Trustees for each fiscal year of this agreement. The lease contract is subject to the Board of Trustees approval of the budget.

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.