

Board Meeting
May 22, 2008

ROLL CALL

DISCLOSE CERTAIN MINUTES OF EXECUTIVE SESSIONS PURSUANT TO
OPEN MEETINGS ACT

Under the Open Meetings Act passed by the General Assembly, public bodies subject to the Act that conduct business under exceptions specified in the Act must, at least every six months, determine whether the need for confidentiality still exists with respect to each item considered under such exception.

Items from October 1999 through March 2007 that have been heretofore unreleased are recommended for release at this time.

The University Counsel and the Secretary of the Board, having consulted with appropriate University officers, recommend that the following matters considered in executive sessions for the time period indicated above and marked as “release” be made available to the public at this time.

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.

Executive Session Minutes Released to Public

September 8, 2005, Page 387

(Note: Material in italics was previously approved for release at the November 9, 2006, Board of Trustees meeting. It is added here for content. Approval for release of material in bold is being sought at this time.)

Setting the Price for the Sale or Lease of Property Owned by the University

This concerns setting the price for leasing University property at the College of Medicine at Peoria for a proposed professional building for physicians. Mr. Eppley thanked Mr. Shah and Mr. Vickrey for their help in bringing this arrangement to a conclusion. Mr. Vickrey then explained the discussions leading up to the proposal to lease the University's property. He said he volunteered to assist Dr. Joseph A. Flaherty, dean, College of Medicine, and explained that Chancellor Manning put together a group that included in addition to Dean Flaherty, Professor Thomas R. Rossi and Professor James R. Debord, both of whom are faculty members at the College of Medicine at Peoria, and Dr. Rodney Lorenz, interim dean, College of Medicine at Peoria, to meet with a group of physicians in Peoria interested in leasing the property on which they wish to construct a professional building.

Dean Flaherty summarized the facts, stating first that this would be good for the College of Medicine at Peoria, in that the property considered is adjacent to hospitals and the professional building would provide opportunities for education in ambulatory medicine. He said the physicians group would provide \$15.0 to \$20.0 million for construction of the building.

Dean Flaherty explained the terms of the proposed lease as follows: a 50-year lease at \$1.00 per year, and Mr. Bearrows stated that two 25-year options to renew the lease were also contemplated with two options for rent increases. Dean Flaherty also said that the lease should not limit the use of the building because in future it may be helpful to authorize minor surgery and other procedures in the building. Mr. Bearrows also said that it should be possible to have a pharmacy or restaurant in the building in future.

Mr. Bearrows stated that according to the proposed lease 60 percent of the physicians leasing space in this building must be faculty members at the College of Medicine at Peoria and that at present 100 percent of the physicians interested in this building are faculty members. He also said the Board of Trustees would have design approval for the facility, and that this project was contingent upon a lease with the City of Peoria for a parking garage adjacent to the building.

Dean Flaherty said he had met with the chief executive officers of the two neighboring hospitals in Peoria, St. Francis and Methodist, and found Methodist Hospital wanted a Certificate of Need (CON) process followed for the building, and St. Francis Hospital would probably oppose a CON or wish to become a partner.

Mr. Eppley asked about the issue of subordination in the event the physicians group defaulted and Mr. Bearrows told him the firm of Gardner, Carton & Douglas was representing the University in these arrangements and that it was planned that the University's lease rights were to be subordinate to the mortgage.

The board discussed who would have access to the space and Dean Flaherty said it would be open to four groups of physicians and that there were plans to contract with physical therapists to rent space.

Mr. Shah said he struggled to make this happen swiftly and commended Mr. Vickrey for negotiating well. He suggested that the University work out business terms of such projects in the future before involving legal counsel and commented on the amount of legal expenses for this project.

President White said that he had met with 25 leaders of the city of Peoria and found that they supported this proposal and wanted the lease issue settled. He said all view this as something good for Peoria.

Mr. Vickrey stated that Dean Flaherty led the negotiations and deserves credit for the success thus far.

November 9, 2006, Pages 24-25

Discussion of Minutes of Meetings Lawfully Closed Under the Open Meetings Act

Mr. Bearrows indicated that he and Dr. Thompson had reviewed the minutes of previous lawfully closed sessions of Board meetings that had been held in confidential status due to a need to preserve individuals' privacy or for good reason such as pending litigation or the need of the University to retain that confidentiality. He said that in reviewing all that had been sequestered he and Dr. Thompson had recommended that those in the Board's agenda for today be released since there appears to be no further need for confidentiality.