

Approved by the Board of Trustees
November 10, 2005

Board Meeting
November 10, 2005

ROLL CALL

LEASE OF SPACE FOR UIC STROKE RESEARCH, CHICAGO

Action: Authorize the Lease of Space located at 1645 W. Jackson, Chicago, Illinois

Funding: Institutional Funds Operating Budget

The Chancellor at Chicago recommends that the University lease 10,573 square feet of office space on the fourth floor of the Westgate Office Center located at 1645 W. Jackson, Chicago, Illinois, for the period December 1, 2005, through December 31, 2008. The landlord is West Side Realty Corporation. The leased space would accommodate a research and patient care program for stroke patients directed by Dr. Philip Gorelick, Head of the Department of Neurology and Rehabilitation in UIC's College of Medicine. Requirements include: four exam rooms with sinks; two labs with sinks; two conference rooms; two workrooms accommodating four workstations each; reception area; support space for server, files, copy work space and graphics production; storage and supply closets; bathroom; and, kitchen/break areas.

Prior to his recruitment by the University, Dr. Gorelick was employed by Rush Medical Center, and had operated his research program at the Westgate Office Center since 1995.

The required space program exceeds 10,000 square feet and therefore necessitated the publication of a Request for Information (RFI) pursuant to the Illinois Procurement Code. Notices were published in both the Illinois Procurement Bulletin and the Chicago Tribune. In addition, letters were forwarded to building owners and brokers having inventory in the general vicinity in which space is desired. There were five responders to the RFI, submitting 25 potential locations. The pertinent facts of the RFI responses are summarized as follows:

1. It is important that research and patient care take place in a non-clinical (non-hospital) setting, due to problems with false positive or “white coat” hypertension. The availability of suitable non-clinical space in proximity to the west campus and the College of Medicine was an important consideration in evaluating the submittals. Only six of the 25 spaces met the requirement of proximity to the University. The other 19 spaces were eliminated from consideration, although their rental rates are used as comparables.
2. Availability of nearby parking for stroke patients is an important consideration, as they are being treated for hypertension/stroke. Only six of all the submittals had access to an adequate nearby structure, and of these, only Westgate Office Center met the requirement of being close to the University.
3. Two of the six spaces have no interior construction at all, and three are office spaces that would require extensive plumbing and HVAC remodeling to suit the intended use. The remaining submittal is the Westgate Office Center, which is specifically configured to the needs of UIC Stroke Research, and would require no additional tenant improvement.
4. The starting rental rate for Westgate Office Center is \$20.22/psf in base rent plus Tenant’s Proportionate Share (8.58 percent) of any increases in tax and operating costs for the building over the base year of 2004. To be conservative, and for comparable purposes, it was

estimated that the gross rental rate would be \$25.22/psf (\$20.22 base rent plus \$5.00 cam). This is comparable to other market alternatives. The average starting gross rental rate for the other 24 alternatives is \$24.70/psf, with a low of \$16.50 for completely unbuilt space and a high of \$36.50 for existing space.

5. Tenant allowances of \$10.00 to \$65.00/psf were provided in the submittals, but in all cases they were insufficient to cover estimated costs to configure the space for a medical use, because of the extensive plumbing and HVAC work required. Additional funds required for the University to complete remodeling beyond the amounts supplied from the tenant allowance were estimated, based on University experience, between \$165,000 to \$1,500,000, depending on the original condition of the space, and the amount of tenant allowance. The Westgate Office Center space would not require any additional financial investment.
6. Relocating the program to another location would require establishment of new telecommunications and data cabling, plus moving costs. The program would need to bear these additional costs.

It is proposed to maintain UIC Stroke Research in its current location at the Westgate Office Center, 1645 W. Jackson, as it is the best location, at the least cost, with the least disruption for Dr. Gorelick's patient care. The term of the proposed lease is three years and one month, with an option to renew for one additional five-year period. Annual base rental costs would start at \$20.22/psf, escalating four percent annually on January 1 of each year. The annual first year base cost would equal \$221,636.49. There is also a provision for additional cost, calculated as Tenant's Proportionate Share (8.58 percent) of any increases in tax and operating costs for the building over the base year of 2004. The lease rate is full service and includes rubbish removal, common area maintenance, heating and cooling during normal business hours, insurance, and taxes. The University will be responsible for its own electrical and telephone charges.

The grants that Dr. Gorelick receives for his stroke research generate sufficient indirect cost recovery to cover his rental costs. Funds for the current fiscal year are available from the institutional funds operating budget of the College of Medicine. 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.