

Board Meeting  
September 10, 2009

ROLL CALL

DESIGNATE EXPANSION OF THE RESEARCH PARK  
AT THE UNIVERSITY OF ILLINOIS

**Action:** Designate Expansion of the Research Park at the University of Illinois to Include Lots 1 and 2 Underlying the Gateway (Formerly Motorola) Building at 1801 South First Street, Champaign, Illinois, and Authorize the Board of Managers of University of Illinois Research Park (UIRP) to Conclude a Re-negotiated Ground Sublease with Fox/Atkins Development, LLC.

**Funding:** No New Funding Required

Beginning in 1999, the Urbana campus undertook a Science and Engineering Technology Commercialization Initiative (SETCI) in order to encourage research, development, and commercialization of the University's intellectual assets and to foster economic growth and creation of jobs in the State and local economy. This initiative included the planned development of the Research Park at the University of Illinois (Research Park). In order to be successful, it was determined that the project must attract one or more large, successful companies to serve as anchor tenants for the Research Park. In late 1999, the University identified Motorola, Inc. (Motorola), as a potential anchor tenant and commenced negotiations with Motorola for a ground lease. An agreement regarding lease terms was reached in early 2000 prior to the formal

establishment of the Research Park and the University of Illinois Research Park, LLC (UIRP), the manager of the Research Park. In order to immediately consummate the agreement, it was decided the University would enter directly into a ground lease with Motorola for the premises (known as lots 1, 2 and 3). A 50-year ground lease, with two 25-year options, was executed on March 2, 2000. The lease allowed for the construction of a building and parking facilities on lots 1 and 2 which were eventually completed. A provision in the recitals of the lease indicated that it was contemplated that the premises leased to Motorola would eventually be integrated into the Research Park as the Research Park became established. However, at present, the premises still remain outside the designated Research Park area.

Motorola vacated the building and premises in September 2007. In June 2008, Motorola sold the building to Fox/Atkins Development, LLC (FAD) and the University consented to the assignment of the Motorola ground lease to FAD. The University's consent to the assignment of the ground lease included the release of Motorola from any further liability under lease.

In a letter dated June 26, 2008, from Edward L. McMillan, the Chair of the Board of Managers of UIRP, the UIRP requested that the Motorola Building (now known as the "Gateway Building") and associated land, be transferred by the University into the Research Park for the following reasons:

- The Gateway Building and its associated land are contiguous to the Research Park

- The anticipated future use of the building is consistent with the purposes of the Research Park
- The building has been integral to the Research Park during its previous business operations
- Originally, it was contemplated that the land and building be included in the Research Park

The Vice President for Technology and Economic Development and the Interim Senior Associate Vice President Designate of Capital Programs and Real Estate Services recommend that lots 1 and 2 be designated to be included in the Research Park for the following reasons:

- It was originally contemplated that the Gateway Building and associated land be included in the Research Park and managed by UIRP
- UIRP has requested that the building and land be transferred into the Research Park
- The building and land are contiguous to the Research Park
- The anticipated future use of the building and land is consistent with the purposes of the Research Park
- The Gateway Building has been integral to the Research Park during its previous business operations
- The transfer of lots 1 and 2 into the Research Park will give the University, UIRP, and FAD the ability to structure the recently re-negotiated ground lease terms in a manner consistent with all other Research Park ground leases. Specifically, it will allow for a ground lease from the University to UIRP, a subsequent sub-lease by UIRP to FAD, and management by UIRP.

This designation shall be implemented by amendment to the Research Park Declaration of Covenants and by any other legal documentation deemed necessary to

effectuate the transfer of said lots into the Research Park. Because it has potential for future University development, lot 3 shall remain outside the Research Park.

The Vice President for Technology and Economic Development further recommends that the Board of Managers of UIRP be authorized to conclude a re-negotiated ground sublease with FAD which will supersede the original ground lease that was assigned by Motorola to FAD.

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 Chancellor of the Urbana-Champaign campus concurs with the recommendations.

The President of the University recommends approval.