

Board Meeting
December 2, 2011

ROLL CALL

TRANSFER PROPERTY TITLE TO ILLINOIS DEPARTMENT OF NATURAL RESOURCES, URBANA

Action: Authorize Transfer of Title of 704 North Schrader, Havana, Illinois, to Illinois Department of Natural Resources

Funding: No New Funding Required

The Vice President, University of Illinois and Chancellor, University of Illinois at Urbana-Champaign with the concurrence of the appropriate administrative officers recommends that the Vice President/Chief Financial Officer and Comptroller be authorized to execute a transfer of title and a lease-back of a property located at 704 North Schrader, Havana, Illinois (“Premises”).

The Premises consists of a 1.14 acre site improved with a 9,250 square foot building that is utilized by the Natural History Survey (Survey) as a field station and is commonly known as the Illinois River Biological Station. For more than twenty years, the Premises was rented by the Survey from the owners Robert and JoAnne Skoglund. Prior to the Survey merging into the University on July 1, 2008, when the Survey was a part of the Illinois Department of Natural Resources (IDNR), the IDNR obtained approval for a \$221,762 Sport Fish Restoration Grant (Grant) from the U.S. Fish &

Wildlife Service (Service) to purchase the Premises from the Skoglunds for use by the Survey. However, the IDNR was unable to close on the acquisition of the Premises before the Survey merged into the University. The Service advised that the transfer of title to the University for the benefit of the Survey could still occur, however, if the deed was recorded with a “Notice of Federal Funding Use Restrictions” statement. The transfer of title to the University occurred on December 10, 2008. No University funds were used for the purchase of the property.

A subsequent audit by the U.S. Department of the Interior Office of Inspector General (OIG) issued on July 9, 2010, found that grant regulations do not allow for the University to take title to the Premises because a condition of the Grant specified that title to Premises was to be vested in the State of Illinois under the control of IDNR. One of the audit findings states in part: “The title to the Station property [Premises] needs to be transferred from the University of Illinois to the State of Illinois Department of Natural Resources [IDNR].” In order to satisfy the OIG audit finding, IDNR is asking the University to transfer the Premises to IDNR. The Office of University Counsel has discussed the audit finding at length with the Facilities Support Counsel of the State of Illinois’ Central Management Service (CMS). As a result of these discussions, the Facilities Support Counsel has written a letter dated September 27, 2011, to the Office of University Counsel stating: (i) CMS has determined that the Premises is not surplus real property; (ii) CMS is aware the University would like to transfer title to IDNR; and (iii) CMS has no objection to the transfer to IDNR.

Having consulted with the Office of University Counsel and the Office of Real Estate Services, the Vice President/Chancellor recommends that title to the Premises be transferred to IDNR based on the following: (i) no University funds were used to purchase the Premises; (ii) the title transfer would correct an error of the U.S. Fish & Wildlife Service which originally posited that the University could take title to Premises; (iii) CMS has no objection to the transfer; (iv) the transfer would satisfy the OIG audit finding; and (v) the general policy of the University is to comport to all federal guidelines.

Upon the transfer of title of the Premises to IDNR, the University will lease back the Premises from IDNR for the benefit of the Survey with terms acceptable to the Vice President/Chief Financial Officer and Comptroller.

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/Chief Financial Officer and Comptroller concurs with the recommendation.

The President of the University recommends approval.