

Board Meeting
January 18, 2007

ROLL CALL

AUTHORIZE EXECUTION OF A GROUND LEASE AGREEMENT FOR THE EAST
CAMPUS COMMERCIAL CENTER (PHASE II), URBANA

Action: Authorize Execution of a Ground Lease Agreement for the East Campus
Commercial Center (Phase II), Urbana

Funding: No Funding Required

At its February 13, 2003, meeting, the Board approved the selection of JSM Management (also known as Gregory Place LLC and Gregory Place II LLC) as the developer for the East Campus Commercial Center (ECCC), a mixed-use development located across from the Krannert Center for the Performing Arts on the Urbana campus and known as Gregory Place, 701 South Gregory, Urbana. Further, the Board approved the development of ECCC Phase I at its March 13, 2003, meeting.

With the successful completion and occupancy of Phase I, ECCC Phase II development is proposed to proceed as planned for the site directly east of Gregory Place Phase I. Phase II development will create the desired retail critical mass and mixed use “village” effect for the east campus area. Phase II will require a ground lease agreement with the developer, Gregory Place II LLC. The agreements include: terms and conditions regarding the developer’s obligations; required submittals such as the developer’s marketing plan and building plans; outlines of the permitted uses in the center; the

general terms of the ground lease; University approval of building plans and commercial tenants; insurance coverage and other legal protections.

Subsequent to the Board's March 13, 2003, authorization, the University entered into a development agreement with Gregory Place, LLC, for Phase I development on May 19, 2003. The subject agreement provided for a two-phase commercial development, at the sole discretion of the University, and in the event the parties were mutually agreeable, the terms and conditions of Phase II development would become an amendment to the development agreement. Execution of said development agreement amendment has enabled preliminary planning, utility relocation, and limited site preparation to proceed in advance of the ground lease and planned June 1, 2007, construction commencement.

General terms and conditions of the ground lease for Phase II include: the site for the Phase II development consisting of an estimated 43,600 square feet of land that will be leased to Gregory Place II, LLC, for a period of 50 years; renewal of the lease term for an additional 25 years at the end of the first term, or the improvement may revert to University ownership at that time provided the University elects to use all or a portion of the land for a use not permitted under the ground lease; 50 annual ground lease payments will be discounted to present value and payable in three installment payments as follows: one-third due June 1, 2007, one-third due February 1, 2008, and one-third due upon construction completion anticipated to be August 2008.

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 at Urbana recommends that the Comptroller of the Board of Trustees be authorized to execute the development agreements amendment with Gregory Place II, LLC, in accordance with the terms described in this item.

The Vice President for Administration concurs.

The President of the University recommends approval.