

Board Meeting
January 21, 2021

ROLL CALL

DELEGATE AUTHORITY TO COMPTROLLER TO APPROVE LEASE OF SPACE
FOR MILE SQUARE HEALTH CENTER, 839-845 WEST 79th STREET, CHICAGO,
ILLINOIS

Action: Delegate Authority to Approve Lease of Space for Mile Square Health Center, 839-845 West 79th Street, Chicago, Illinois

Funding: Institutional and Grant Funds

The Vice Chancellor of Health Affairs of University of Illinois Chicago, with the concurrence of the appropriate administrative officers recommends approval, subject to satisfactory resolution of final contract terms, and delegation to the Comptroller to execute a lease, on behalf of the UI-Health Mile Square Health Center, for approximately 11,749 square feet of medical clinic space at 839-845 West 79th Street in the Auburn Gresham area of Chicago, Illinois.

Auburn Gresham and its adjacent communities have been designated a Primary Care Health Professional Shortage Area and the University's UI-Health Mile Square Health Center ("Mile Square") has been chosen to participate as the sole medical provider and anchor tenant in the Auburn Gresham Healthy Lifestyle Hub. On August 6, 2020, the Greater Auburn Gresham Development Corporation ("GAGDC"), through its Always Growing, Auburn Gresham project, was awarded the first-time Chicago Prize, a

\$10.0 million grant competition sponsored by the Pritzker Traubert Foundation, which sought to invest in collaborative community-based initiatives using physical development to stimulate economic activity, strengthen civic infrastructure, and improve the safety, well-being, and economic mobility of residents on the city's south and/or west sides. Additionally, in July, the city of Chicago committed \$4.0 million in funding from the federal CARES Act to the Healthy Lifestyle Hub as part of the city's "Invest South/West" initiative.

The project involves the redevelopment of a decades-long vacant 1920s-era, 50,000 square foot building located at 839-845 West 79th Street (West 79th Street near Halsted Street) in Chicago which will be converted into the Healthy Lifestyle Hub, to serve the residents of the Auburn Gresham community.

To date, Mile Square has secured funding for the project and lease in the amount of \$1.750 million from GAGDC for projected tenant improvements. In addition, \$300,000 from UIC Chancellor Dr. Amiridis is to be used for furniture, fixtures and equipment. This brings the total funding to approximately \$2.050 million. A \$500,000 grant from the Weinberg Foundation is pending and, if successful, these funds will also be used for furniture, fixtures and equipment.

The proposed lease is for approximately 1,038 rental square feet of space on the first floor and 10,711 rentable square feet of space on the second floor of the remodeled building, totaling 11,749 square feet of space. The term of the proposed lease is ten years, commencing on or around December 2021, with a statutory right to terminate after five years. The landlord is GAGDC Support Corporation, an Illinois not-

for-profit, which will oversee the turn-key buildout of the space on the second floor including approximately 12 exam rooms, six dental operatories, and space allocated for behavioral health. The first floor will include a shared entrance lobby and storage space. Mile Square will also have shared access to a community room for an additional monthly fee. Construction is scheduled to commence in or around fall 2021, and Mile Square is expected to take possession of the space and begin generating patient encounters in early 2022. Mile Square projects to serve roughly 11,000 underserved Medicare/Medicaid patients annually, totaling approximately 21,000 visits.

The proposed lease includes six month's base rent abatement equaling \$113,670.72 and turn-key build-out of the space. The base rental rate for the first floor (1,038 sf) will be \$22.96/sf. The base rental rate for the second floor (10,711 sf) will be \$19.00/sf. These rates will remain unchanged for the full term of the lease. Mile Square will also have the use of the shared community room for an additional \$30,000 annual fee, paid in equal monthly installments of \$2,500. The lease is a net lease which is market standard within the Chicago area and Mile Square will be responsible for its pro-rata share of building operating expenses and property taxes paid in the form of additional rent estimated to be \$121,430 annually in the first year. The first year's annual gross rents after factoring in six months of base rent abatement is \$265,100.72. The University will be responsible for its own electrical, janitorial, telephone, and internet costs.

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 recommends approval.