Approved by the Board of Trustees

July 20, 2023

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Board Meeting

July 20, 2023

ROLL CALL

## APPROVE DEVELOPMENT AGREEMENT FOR THE UNIVERSITY OF ILLINOIS RESEARCH PARK, URBANA

**Action:** Approve Development Agreement for the University of Illinois Research Park

**Funding:** No New Funding Required

### Brief History of Research Park Development Agreements

In January 2000, the Board of Trustees authorized the formation of the University of Illinois Research Park, LLC (UIRP), a limited liability company, to assist the University in developing and operating the Research Park to foster new start-up companies, to bring innovative research to the marketplace, to retain top University talent, to attract research units of major corporations, to create jobs, and to spur economic development. The Board of Trustees of the University of Illinois is the sole member of the UIRP. A Services and Management Agreement was entered into between the University and the UIRP to define the responsibilities of the UIRP for the operation of the Research Park. The Services and Management Agreement authorized the UIRP to enter into a development agreement with a developer and establish a declaration of covenants for the Research Park in Champaign. A 10-year development agreement was entered into with Fox/Atkins Development, LLC on May 3, 2000, and then again on May 11, 2011, which has expired. The UIRP has shifted its strategy to selecting developers for specific projects. Currently, the UIRP, at the request of University of Illinois Urbana-Champaign (UIUC), is seeking a developer for the Center for Advanced Bioenergy and Bioproducts Innovation (CABBI) greenhouse project within the Research Park.

### Selection Process for CABBI Development Partner

The UIRP published a Request for Proposal (RFP) on February 9, 2023, through the Illinois Higher Education Procurement Bulletin for a private developer to design, build, and finance the CABBI greenhouse facility within the Research Park on an expedited construction schedule and based on a funding agreement and timetable with the Department of Energy. The proposed greenhouse facility will be comprised of approximately 8,000 square feet of greenhouse space and another 5,000 square feet of headhouse space, including growth chambers, all located adjacent to the existing Realizing Increased Photosynthesis Efficiency (RIPE) greenhouse in the Research Park. The preliminary estimated cost of the greenhouse (without completed design work) is under $7 million. The RFP was qualifications-based, requesting the development team responders provide financial capacity, delivery schedule, added value, staff availability, and relevant construction experience. A selection committee of UIRP and University officials determined the most qualified team. Interviews were scheduled with the two RFP respondents: Fox Atkins, LLC and the Woodbury Pinnacle Real Estate Group. The selection committee completed its review of the proposals and materials, interviews, and ranking of the proposals in April 2023.

### Preferred Developer Team

The selection committee recommendation was to enter a Pre-Development Agreement with Fox Atkins, LLC based on the team’s long-standing success in the delivery of UIRP facilities, including the RIPE greenhouse, a strong local presence, familiarity with the local market, and ability to deliver the project on an expedited schedule. On June 5, 2023, the UIRP Board of Managers approved recommending to the Board of Trustees of the University of Illinois that Fox Atkins, LLC be designated as developer for the CABBI greenhouse project contingent upon the finalization of the required documents.

Proposed Development Agreement Key Terms and Conditions

The UIRP Development Agreement, while not finalized, will contain the following key provisions:

* Required completion of Pre-Development Agreement finalizing scope and costs
* University right to terminate project prior to construction
* Two-year term or completion of CABBI greenhouse, whichever comes last
* Completion of typical Land Lease and Sublease Agreements
* Approval of the City of Champaign Planning and Zoning Department per agreement for Research Park with the city
* Completion of Option to Purchase Agreement
* Final approval of UIRP Design Review Committee
* Evidence of required insurance
* Project schedule with completion in early summer 2024

Project Structure

To mitigate construction and pricing risks of the present market, this project involves using a Pre-Development Agreement to finalize all developer and project costs before the execution of the development agreement and other related agreements. When the development agreement and related documents are executed, the developer will be “at risk” in delivering the project on schedule and on budget. If the costs to the University end user are determined as not within the available funding for the project at the completion of the pre-development phase, all agreements will be terminated, including the designation of developer. To the extent the project proceeds, the UIRP will enter a development agreement with the developer and the University to include a sublease for the facility with the option for the University to purchase the facility for a specific price upon completion as required by the Procurement Code.

### Recommended Action

The vice chancellor for research and innovation recommends that the Board of Trustees of the University of Illinois approve the proposed development agreement between the University of Illinois Research Park, LLC and Fox Atkins, LLC.

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 of Illinois System concurs.