Approved by the Board of Trustees

July 21, 2022

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Board Meeting

July 21, 2022

ROLL CALL

# APPROVE ACQUISITION OF PROPERTY AT 401 EAST WASHINGTON STREET, SPRINGFIELD, ILLINOIS

**Action:** Approve Acquisition of 401 East Washington Street, Springfield, Illinois

**Funding:** Temporary Internal Loan, State Appropriation

The Chancellor, University of Illinois Springfield, and Vice President, University of Illinois System with the concurrence of the administrative officers recommends, subject to the availability of funds, the execution of a funding Interagency Agreement (“IGA”) with the state of Illinois and satisfactory resolution of final purchase terms, that the Interim Vice President, Chief Financial Officer and Comptroller be authorized to execute a Purchase and Sale Agreement with the seller, Illinois Sheriffs’ Association, an Illinois not-for-profit organization for the purchase of property located at 401 East Washington Street in Springfield. The facility is to serve as the University of Illinois Springfield Innovation Hub. The purchase price is $950,000, plus customary closing costs, or $38.97 per square foot, which is supported by comparable sales for office buildings recently sold in the Springfield area as identified in two property appraisals by M.A.I. appraisers commissioned by the University.

The above-referenced property is a 24,376 square foot, three-floor office building located in the heart of the downtown business district, one half mile from the Illinois State Capitol Building. The property was built in 1903, converted to office space in 1947, and underwent a significant renovation to modern office standards in 1990. The University has conducted due diligence for environmental, title, mechanical systems, and structural conditions. The Seller is currently in the process of repairs and improvements estimated at $103,840.77. UIS intends to engage in a large construction project to renovate the building shortly after the purchase is complete. The transaction requires UIS to assume the two existing tenant leases and enter into an additional lease with the Seller for approximately one year. All leases will be terminated to commence construction in approximately one year.

The purchase, construction, upgrades, and equipping of the property will be funded through Article 144, Section 165 of Public Act 102-0017, as amended, from the Build Illinois Bond Fund to the Capital Development Board (CDB) for a grant to the University of Illinois for costs associated with permanent improvements at Illinois Innovation Network Hubs as part of the Discovery Partners Institute initiative. The appropriation that has been committed to the UIS Innovation Center is $15.0 million. The Sheriffs’ Association responded to the University’s advertised request for proposals in June of 2021. Negotiations with the seller and due diligence work on the building have taken place since then. Recently, the CDB formally released funds in the amount of $15.0 million for this purchase and renovations. The terms of the State of Illinois IGA require the University of Illinois first to purchase the subject building and then request reimbursement from the State of Illinois after closing, so a short-term internal loan is anticipated.

The UIS Innovation Hub will include an expansion of the current UIS Innovate Springfield unit. The Hub will advance the regional economy by working with higher education institutions, industry partners, and government and civic organizations to build a robust and inclusive human capital and innovation pipeline. Activities and programs will attract entrepreneurs to develop and launch locally-based businesses. The Hub will support the development of evidence-based, impact-driven programs to advance the region's social and economic health.

The Interim Vice President, Chief Financial Officer and Comptroller is hereby authorized to negotiate and execute the Purchase and Sale Agreement, and other documents as necessary to consummate the transaction, all on terms consistent with the above-described provisions. Upon satisfaction of all precedent contractual terms, the Interim Vice President, Chief Financial Officer and Comptroller is authorized to pay the purchase price and accept the deed at closing.

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.