Board Meeting
July 25, 2019

ROLL CALL

DELEGATE AUTHORITY TO COMPTROLLER TO APPROVE LEASE OF SPACE FOR ACADEMIC AND SUPPORT FUNCTIONS, URBANA

Action: Delegate Authority to Comptroller to Approve Lease of Space Located at 600 East Daniel Street, Champaign, Illinois

Funding: Institutional Funds

The Chancellor, University of Illinois at Urbana-Champaign, and Vice President, University of Illinois recommends, subject to the availability of funds and the resolution of final lease terms satisfactory to the University, that the Comptroller be authorized to execute a lease of approximately 86,523 square feet of academic and support space on the second, third, and fourth floors of the building located at 600 East Daniel Street, Champaign, for the period of ten years commencing on completion and occupancy of the building with one termination option at the discretion of the University in year five. The landlord is Core Champaign Daniel, LLC with its principal office located at 1643 North Milwaukee Avenue, 5th Floor, Chicago, Illinois. This space will be adjacent to space being acquired in the facility by the University. The proposed leased space will accommodate the School of Information Sciences and the Office of the Vice

Chancellor for Diversity, Equity and Inclusion. While the proposed leased space has an annual rent more than $100,000 normally necessitating the publication of a Request for Information (RFI) and publication in the Illinois Procurement Bulletin, the Chief Procurement Officer of the State is reviewing and is expected to grant an RFI waiver for this lease due to the specialized and unique nature of the space and programmatic need.

As background, Core Champaign Daniel, LLC has acquired all of the businesses fronting Daniel Street on the block between Sixth Street and Wright Street on campus and intends to demolish the existing buildings to build a mixed-use facility with retail, office, and housing. The entire site is within the University master plan and is surrounded by the Swanlund Administrative Building on the north, the Illini Union Bookstore (IUB) building on the east, and the 12-story Psychology Building on the south. The master plan notes this site as a mixed-use site. The proposed mixed-use project includes 10,500 square feet of retail; 99,500 square feet of office space; and 442 beds of residential housing in a facility 13 stories in height. Daniel Street will be transformed, eliminating the older buildings with new streetscape and traffic improvements at the expense of the Developer. The University is also acquiring title to 12,986 square feet of the building office space via the trade of the adjacent university parking lot. The parking lot will retain a surface easement to the university assuring access to the IUB loading docks, but the vertical air rights above are to be traded at a market value of $4,805,000 for 12,986 square feet of office space. The architecture and materials will be compatible with the adjacent IUB. The cost of the project is in excess of $75,000,000 and will take 24 months to complete.

The term of the proposed lease is ten years, with an option for the University to terminate in year five. The initial base rent will be $23.00 per square foot triple net with annual Consumer Price Index adjustments. The base rent rental cost for the first year of the lease term is $2,277,000. The Lessor will provide the University a build-out allowance of $3,482,815. An additional cost of $3,894,444 for furniture, fixtures, and equipment and all technology costs will be required of the University for both the space it owns and rents. The University is responsible for utilities, rubbish removal, common area maintenance, and janitorial services.

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 concurs with this recommendation.