Approved by the Board of Trustees

March 17, 2022

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Board Meeting

March 17, 2022

ROLL CALL

## DELEGATE AUTHORITY TO INTERIM COMPTROLLER TO APPROVE LEASE OF MEDICAL OFFICE SPACE ON BEHALF OF MILE SQUARE HEALTH CENTER AT 4634 SOUTH BISHOP STREET, CHICAGO, ILLINOIS

**Action:** Delegate Authority to Interim Comptroller to Approve Lease of Medical

Office Space on Behalf of Mile Square Health Center 4634 South Bishop

Street, Chicago, Illinois

**Funding:** Mile Square Health Center Self-Supporting Funds

The Chancellor, University of Illinois Chicago, and Vice President, University of Illinois System, the UIC Vice Chancellor for Health Affairs, and Mile Square Health Center CEO, in consultation with appropriate administrative officers, recommend that the Interim Comptroller be authorized to execute a Lease Agreement, subject to satisfactory resolution of final contract terms, for an approximately 2,379 square foot space in a multi-tenant retail center located at 4634 South Bishop Street, Chicago, Illinois.

The proposed term of the lease is for five years, with an option to extend the lease an additional five years, with landlord Matanky Real Estate, Inc. Mile Square Health Center (MSHC) has operated a federally qualified health center medical clinic serving the Back of the Yards neighborhood at 4630 South Bishop Street, since 2007. That “original” space, which is leased from the same landlord, will be contiguous and connected to the proposed space at 4634 South Bishop Street, resulting in synergies and efficiencies gained by shared use of the existing patient reception and clinical support personnel. The expansion space will feature multiple dental chairs and the addition of behavior health clinic space; thus, allowing MSHC to respond to the increased demand for dental and behavioral health services within the community. MSHC has secured federal grant funding from the Health Resources and Services Administration (HRSA) for the construction of the improvements in the amount of $600,000 for this purpose, allocating $500,000 directly for construction and $100,000 for equipment purchase.

The proposed budget to complete the base construction is $535,685, with landlord Matanky Real Estate providing the additional funding ($35,685) required. The negotiated lease terms are as follows:

Term: May 1, 2022-April 30, 2027, option to extend to April 2032

Area: 2,379 rentable square feet

Lease Rate: $34.73 per square foot, gross ($82,608 year 1)

$17.75 psf Base rent, stable for 5 years

$9.53 psf Common Area Expenses

$7.45 psf Real Estate Taxes (increase capped at 10% annually)

Based on the procurement requirements, this lease qualified as a Request for Information (RFI) candidate, as it is over the threshold of $200,000 paid to the landlord, when considering the tenant improvement payment(s) paid by the university. However, the proposed lease was granted a waiver from the RFI procurement requirement (30 ILCS 500/40-15) due to exception (b)(4) “specialized space available at only one location.”

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.