

Approved by the Board of Trustees,
May 19, 2005

Board Meeting
May 19, 2005

ROLL CALL

INCREASE PROJECT BUDGET FOR SOUTH CAMPUS MIXED USE DEVELOPMENT, CHICAGO

Action: Approve Project Budget Increase for South Campus Mixed Use Development, Chicago

Funding: Institutional Funds and Future Sale of Auxiliary Facilities System Revenue Bonds

At the July 2004 meeting of the Board of Trustees, the board approved the South Campus Mixed Use Development Project for \$112.0 million. Subsequent to this original approval, significant construction price escalation in steel, steel components, and other construction materials and activities have occurred. HOK, Inc., and Vasilko, Hauserman & Associates, Inc., the project architects/engineers, and Power Construction, the project construction manager, have provided estimates based on current material costs and have recommended that additional funds be allocated to fund these unforeseen increases.

The project team has worked to reduce the impact of the escalation while maintaining critical program elements without sacrificing building standards or overall design aesthetics. Auxiliary Facilities System's financial consultant, S. B. Friedman, has analyzed the *pro formas* related to this project and determined that the operations can support an increase of \$12.0 million.

In order for the project to proceed, the Chancellor at Chicago with the concurrence of the appropriate University officers recommends that the board approve the increase in project budget for the South Campus Mixed Use Development project to \$124.0 million.

The project will be funded from the proceeds of future Auxiliary Facilities Systems Revenue Bonds. Any project planning costs incurred prior to the sale of the revenue bonds will be funded initially from other Campus Auxiliary operating funds with anticipated reimbursement from the subsequent proceeds of a revenue bond sale.

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.