Approved by the Board of Trustees

November 16, 2023

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Board Meeting

November 16, 2023

# ROLL CALL

# DELEGATE AUTHORITY TO COMPTROLLER TO APPROVE LEASE EXTENSIONS FOR UIC COLLEGE OF NURSING SPACE LOCATED AT 616 E. GREEN ST. AND 627 S. WRIGHT ST., CHAMPAIGN, ILLINOIS

**Action:** Delegate Authority to Comptroller to Approve Lease Extensions for UIC College of Nursing Space Located at 616 E. Green St. and 627 S. Wright St., Champaign, Illinois

**Funding:** Institutional Funds

The chancellor, University of Illinois Chicago, and vice president, University of Illinois System, with the concurrence of the appropriate administrative officers, recommends the vice president/chief financial officer and comptroller be authorized to execute two lease amendment agreements to extend the terms of the UIC College of Nursing leases for 10,715 square feet of office and clinical space at 616 E. Green St. and 627 S. Wright St. in Champaign. In 2014, the Board of Trustees approved the two leases after a Request for Information (RFI). Ten years was the maximum allowable term, including renewal options, and the leases will expire on June 30, 2024.

In 2022, the Illinois Legislature approved an amendment to ILCS 500/40-25, Length of Leases. The amendment permits that leases for Illinois public institutions of higher education may amend existing leases or enter new leases for a term of up to 30 years when the lease requires a capital improvement in excess of $100,000, and the board of trustees of the institution determines that a term of more than 10 years is in the best interest of the institution. In this case, the three-year extension is possible at the present location without doing another search or potentially costly move, as was required prior to the legislative amendment.

When the RFI lease was awarded for the College of Nursing space in 2014, JSM Commercial proposed to connect two adjacent buildings under their ownership to create the contiguous space required. 616 E. Green St. (d/b/a Technology Plaza, LLC) and 627 S. Wright St. (d/b/a JRH, MRH LLC) were connected by a temperature-controlled walkway between the two buildings. The total buildout of the walkway, classrooms, clinical, and office space cost $639,050, which satisfies the amendment requirement to extend the lease.

The UIC College of Nursing wishes to extend its lease three years, and the landlord agrees. The current lease rates would increase 5 percent in the first year of the extended term and 4 percent in the second and third years. Past rent increases have been well below the Consumer Price Index. The current rate for 627 S. Wright St. is $32.74 per square foot, and the current rate for 616 E. Green St. is $12.71 per square foot. Those rates would increase to $34.38 per square foot and $13.35 per square foot, respectively beginning July 1, 2024. The rates are gross rental rates, and, combined, are well within or below market value for specialized medical space. No tenant improvements are needed currently, so no additional expenses are expected. The entire cost for both leases for the three-year extensions will be $314,807 annually.

Remaining at the current location is in the best interest of the University of Illinois Chicago. A substantial investment has been made in this facility. The current location will allow nursing students to continue to easily access their classes, avoid the disruption of relocating the program, and avoid the expense of building out an alternate facility.

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 vice president/chief financial officer and comptroller concurs.

The president of the University of Illinois System recommends approval.