

Approved by the Board of Trustees,
September 9, 2004

Board Meeting
September 9, 2004

ROLL CALL

LEASE OF SPACE, UNIVERSITY OF ILLINOIS EXTENSION BUILDING IN MATTESON, ILLINOIS, URBANA

Action: Authorization to Execute a Renewal of Lease That Will Combine Two Existing Contracts (Contract # 80753 and Contract # 81074) for Space in the Building at 5527 Miller Circle Drive, Matteson, for the Use of the Northeast Region, Matteson Extension Center, and South Suburban Cook County Offices of University of Illinois Extension

Funding: County Extension Trust Funds and Federal Agriculture Appropriations of University of Illinois Extension, College of Agricultural, Consumer and Environmental Sciences

The Interim Chancellor at Urbana, with the concurrence of the appropriate administrative officers, recommends, subject to the satisfactory agreement with the landlord of final lease terms, the comptroller be authorized to execute a renewal agreement to lease the entire 9,991 gsf of space in the building at 5527 Miller Circle Drive, Matteson. The space is required for University of Illinois Extension to continue to provide extension education to clientele in Cook County and northeast Illinois.

The building was built to the specifications of the University under terms of the original five-year lease agreements dated April 15, 1999, and August 12, 1999. The original lease and a five-year renewal period included annual increases of 2.5 percent and also required the University to pay real estate taxes. The annual taxes increased from \$78,000 to \$116,000 in the current lease year. These two components result in a current

rate of \$27.66/gsf. Counsel has advised that real estate taxes might be reduced 30 percent upon appeal, with the resulting annual lease costs estimated to range from \$25.00/gsf to \$27.00/gsf during the renewal period.

In order to obtain greater savings, the University has negotiated new terms for the renewal period that incorporate the real estate tax component as part of the gross rent. Under this proposal, the University would pay gross monthly rent of \$19,154.75 or \$23.01/gsf per year for the term of the contract. The lease is scheduled to begin November 15, 2004, and terminate on November 15, 2009. The rental costs are competitive with the cost of comparable rental space in the community.

This lease renewal is exempt from competitive procedures under the Illinois Procurement Code and the Higher Education Procurement Rules since the property is less than 10,000 square feet.

County and local funds subsidize 31 percent of the lease payments and are included in the South Suburban Cook County Extension budget. University funds, which pay the remainder, will be included in the University of Illinois Extension Northeast Region and Matteson Extension Center budgets. It is the intent of the University to include the necessary funds in subsequent budgets throughout the lease term.

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.