**Illinois State**

**University**

**Board of**

**Trustees**

**Resolution No. 2015.05/14**

**Authorization to Renew Lease at**

**Uptown Crossing**

**Resolution**

Whereas, the Board of Trustees of Illinois State University entered into an agreement with JRH, MRH LLC – 206 North Normal Series on July 2, 2009 to lease such real property described as a portion of first floor for Tenant’s lobby and elevator and a portion of the second floor of Uptown Crossing located at 100 South Fell Avenue, Normal, Illinois, consisting of approximately 31,237 rentable square feet for a period of five years with an option to renew for an additional five years, and

Whereas, Illinois State University has insufficient available University owned space to accommodate the academic and administrative support units currently located at the leased Uptown Crossing Building as well as other units experiencing expansion, and

Whereas, Illinois State University has negotiated with JRH, MRH LLC – 206 North Normal Series to renew the current lease for an additional five years and secured necessary state approvals to proceed with this lease renewal, pending Board of Trustees approval, and

Whereas, the Board of Trustees of Illinois State University has the authority to lease real property, and

Whereas, University policy requires Board of Trustees approval on financial commitments of $500,000 or more:

Therefore, be it resolved by the Board of Trustees that:

1. The Board authorizes the President of the University to enter into an agreement with JRH, MRH LLC – 206 North Normal Series to exercise the 5 year lease renewal of the aforementioned real subject property subject to the following conditions:

* 1. The lease term shall be for a period of five years beginning in June 2015.
  2. The base rent during year one of the renewal term shall be a fixed annual amount equal to the annual base rent ($15.96 per square foot) of the original five year lease adjusted by the annual percent change in the Consumer Price Index for March 2015 from the same index for March 2014.
  3. For each of the remaining four years, the base rent shall be a fixed annual amount equal to the previous year annual base rent adjusted by the annual percent change in the Consumer Price Index for March of the current year from the same index for March of the previous year.

* 1. Total rental payments are not to exceed $4,000,000.

1. The Chairperson, the Secretary and the Treasurer of the Board and the members, officers, agents and employees of the Board are hereby authorized and directed to do all such acts and to execute all such documents as may be necessary to carry out and comply with the provisions of this resolution and with the actions of the members, officers, agents and employees of the Board, which are in conformity with the intent and purposes of this resolution, whether heretofore or hereafter taken or done, which actions shall be and are ratified, confirmed and approved.

Board Action on: Postpone:

Motion by: Amend:

Second by: Disapprove:

Vote: Yeas: Nays: Approve:

ATTEST: Board Action, May 8, 2015

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Secretary/Chairperson

**Board of Trustees**

**Illinois State University**

**Supplemental Information Regarding Authorization to Renew Lease at Uptown Crossing**

Illinois State University’s *Master Plan: 2010-2030 Looking to the Future* guides the physical development of the campus. The *Master Plan* advances the values and goals in the University’s strategic plan, *Educating Illinois 2013-2018, Individualized Attention, Shared Aspirations.* These plans acknowledge the importance of partnerships in meeting the future needs of the University and recognize the need for the construction of new facilities and the renovation of existing facilities to properly support the University’s programs and services. *Master Plan: 2010-2030* recognizes the need for additional University space and recommends pursuing leasing and partnership opportunities in Uptown Normal. The proximity of Uptown Normal to the University’s campus makes it a desirable area for addressing certain space needs.

In July 2009, the Board of Trustees granted authority for the University to enter into a lease with JRH, MRH LLC – 206 North Normal Series for approximately 31,200 square feet of space on the second floor of the Uptown Crossing building located at 100 South Fell Street in Uptown Normal. The space currently houses Research and Sponsored Programs, Comptroller’s Office units (Payroll, Purchasing, Grants Accounting, and Business Office), College of Education grant-supported activities (e.g., Connections, National Board Resource Center), and the Workforce Data Management project. Plans to move the Research, Ethics and Compliance office to the facility are underway. Until July 2014, Mennonite College of Nursing also used space in the facility for faculty offices while the first floor of Edwards Hall was being renovated. The second floor space in Uptown Crossing has four conference rooms and smaller meeting rooms that are used by offices other than those located in the facility. The Uptown Crossing facility has become an important resource for the University in housing administrative and academic support offices as well as in accommodating space needs that arise from renovation projects and grant sponsored activities.

The search for University permanent and temporary space in which to house programs is an ongoing process guided by the University’s strategic plan, *Educating Illinois,* and *Master Plan*. In addition, the University looks at and evaluates potential available lease space to meet University needs using criteria such as:

* Space appropriately configured for offices and meeting space or easily built-out in a desired layout.
* Structure and major building systems are in good condition, (structural, roof, foundation, electrical), requiring no restoration or major rehabilitation.
* Access to parking spaces to support functions. Adequate number of spaces for use by assigned staff members with sufficient spaces available for visitors.
* Location in proximity to the University’s main campus.
* Location within short driving distance and along major bus or campus shuttle routes to enable easy transition between the location and campus throughout the day.

JRH, MRH LLC – 206 North Normal Series was established by JSM Development, a company that has completed projects in the Urbana-Champaign area, including projects involving over 150,000 square feet for the University of Illinois. The company manages all phases of the development process, with a full-time architect and construction management team as well as a residential and commercial management company. The company has maintained the Uptown Crossing building in Normal in extremely good condition and has quickly responded to address any issues that have arisen.

The renewal proposal offered by JRH, MRH LLC – 206 North Normal Series provides for a lease term of five years beginning on June 1, 2015 with the following terms; (a) base rent during year one of the term shall be a fixed annual rental in an amount equal to the first five year term annual base rent ($15.96 per square foot) adjusted by the annual percent change in the Consumer Price Index (CPI) for

March 2015 from the same index for March 2014 as published in the United States Department of Labor

Bureau of Labor Statistics; (b) for each of the remaining four years base rent shall be a fixed annual rental in an amount equal to the past year annual base rent adjusted by the annual percent change in the CPI for March of the current year from the same index for March of the previous year; (c) total rental payments are not to exceed $4,000,000. Annual rental payments (based on past CPI performance) are estimated to be as follows:

|  |  |
| --- | --- |
| Year 1 | $ 661,975 |
| Year 2 | $ 694,403 |
| Year 3 | $ 728,415 |
| Year 4 | $ 764,340 |
| Year 5 | $ 801,568 |

In addition to the annual rental payments, the University is assessed for common area and office maintenance charges.

Securing office space through this proposed lease renewal addresses a current space requirement need for the University. Furthermore, it provides an opportunity for the University to continue to partner with a private developer in advancing the Town of Normal’s Redevelopment Plan.

Source of Funding: General Revenue Operating