

**ILLINOIS STATE
UNIVERSITY**

**BOARD OF
TRUSTEES**

Resolution No. 2023.05/23
Authorization to Lease Warehouse
Space at 1201 East Bell Street,
Bloomington, IL

Resolution

Whereas, Illinois State University has a space need and desires to lease real property for warehouse operations and storage needs, and;

Whereas, The Board of Trustees has the authority to lease real property;

Whereas, Illinois State University has insufficient available University-owned space to accommodate the current warehouse operations and storage needs given the planned displacement of existing warehouse operations space currently located at the John Green Building for the future renovation of the John Green Building space into specific academic, instructional, and lab space dedicated to support the new College of Engineering Degree Programs in Mechanical, Electrical, and General Engineering;

Whereas, a proposed lease from Stahly Development, LLC has been identified in a competitively bid RFI process for premises of approximately 43,000 square feet of general usage warehouse space located at 1201 East Bell Street, Bloomington, IL, 61701;

Whereas, Illinois State University will secure necessary state approvals to proceed with this lease, pending Board of Trustees approval; 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 Stahly Development, LLC, to exercise the lease of real property subject to the following conditions and receipt of required approvals:
 - a. The lease term shall be for a period not to exceed ten years, including the original lease time period and subsequent renewals, beginning on June 1, 2023.
 - b. The original lease period will be for a minimum of 60 months (5 years), covering the lease period June 1, 2023 through May 31, 2028.

- c. The second lease period will extend for a period of 12 months (1 year) for 5 individual and consecutive annual renewals, if exercised, beginning June 1, 2028, through May 31, 2032.
 - d. Fixed Annual Base Rent during the initial 5-year lease term includes:
 - i. Year 1 – \$9.37 per square foot plus an estimated \$2.34 per square foot for CAM charges and utilities.
 - ii. Year 2 – \$9.62 per square foot plus an estimated \$2.38 per square foot for CAM charges and utilities.
 - iii. Year 3 – \$9.87 per square foot plus an estimated \$2.41 per square foot for CAM charges and utilities.
 - iv. Year 4 – \$10.12 per square foot plus an estimated \$2.45 per square foot for CAM charges and utilities.
 - v. Year 5 – \$10.37 per square foot plus an estimated \$2.48 per square foot for CAM charges and utilities.
 - vi. Year 6 through 10 - \$8.09 per square foot, plus an estimated \$2.56 per square foot for CAM charges and utilities, adjusted for inflation.
 - e. Annual rent for the first 5 years (estimated June 1, 2023, through May 31, 2028) will equate to approximately \$530,000 per year, (\$2.65M over 5 years) including reasonable CAM and utility related charges.
 - f. If lease renewal is exercised by Illinois State University, annual rent for the second 5 years (estimated June 1, 2028, through May 31, 2033) will equate to approximately \$460,000 per year (\$2.30M over 5 years) including reasonable CAM and utility related charges.
2. 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: _____
 Motion by: _____
 Second by: _____
 Vote: Yeas: _____ Nays: _____

Postpone: _____
 Amend: _____
 Disapprove: _____
 Approve: _____

ATTEST: _____ Board Action, May 12, 2023

 Secretary / Chairperson

Board of Trustees
Illinois State University
Authorization to Lease Warehouse Space at 1201 East Bell Street, Bloomington, IL

Background

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, *Educate- Connect-Elevate*. 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. A Request for Information process was completed by Illinois State University in accordance with Illinois regulations. This property was selected through the competitive process.

The Illinois State University Board of Trustees approved in May of 2021 for the University to seek Illinois Board of Higher Education (IBHE) approval for the University to add a new Unit of Instruction in Engineering. The IBHE approved the University's request in March 2022.

On May 6, 2022, the Board of Trustees approved the University's request to procure the architectural and engineering pre-construction services in the amount of \$3 million to program, plan, design and produce the required documents to publicly bid the renovation of the John Green Building and the Carter Harris Administration Building into the new ISU College of Engineering Building Complex.

To facilitate the upcoming construction and renovations for the new ISU Engineering building complex development at the John Green Building, the building needs to have all existing contents removed. This requires relocation of all existing equipment and content currently located at the warehouse facility to another suitable ISU location. Currently, ISU has insufficient available ISU-owned space to accommodate all existing equipment and content currently located at the John Green Building.

To address this issue, ISU recently conducted a public Request For Information (RFI) process to solicit approximately 40,000 to 50,000 square feet of general usage warehouse storage space within the McLean County area for lease for a period not to exceed 10 years, and a minimum rental of 5 years (60 months).

Based on a competitive analysis, the University is recommending real estate property owned by Stahly Development, LLC to lease approximately 43,000 square feet of general usage warehouse space located at 1201 East Bell Street, Bloomington, IL, 61701 with the following summary terms and conditions, subject to receipt of all required approvals:

- a. The lease term shall be for a period not to exceed ten years, including the original lease period and subsequent renewals, is estimated to begin June 1st, 2023.
- b. The original lease period will be for a minimum of 60 months (5 years), covering the estimated lease period June 1, 2023, through May 31, 2028.
- c. The second lease period will extend for a period of 12 months (1 year) for 5 individual and consecutive annual renewals, if exercised, beginning on or around June 1, 2028, through May 31, 2032.
- d. Fixed Annual Base Rent during the initial 5-year lease term includes:
 - i. Year 1 – \$9.37 per square foot plus an estimated \$2.34 per square foot for CAM charges and utilities.
 - ii. Year 2 – \$9.62 per square foot plus an estimated \$2.38 per square foot for CAM charges and utilities.
 - iii. Year 3 – \$9.87 per square foot plus an estimated \$2.41 per square foot for CAM charges and utilities.
 - iv. Year 4 – \$10.12 per square foot plus an estimated \$2.45 per square foot for CAM charges and utilities.
 - v. Year 5 – \$10.37 per square foot plus an estimated \$2.48 per square foot for CAM charges and utilities.
 - vi. Year 6 through 10 - \$8.09 per square foot, plus an estimated \$2.56 per square foot for CAM charges and utilities, adjusted for inflation using CPI (ex. 3.0%) each renewal option period.
- a. Annual rent for the first 5 years (estimated June 1, 2023 through May 31, 2028) will equate to approximately \$530,000 per year, (\$2.65M over 5 years) including reasonable CAM and utility related charges;
- b. If lease renewal is exercised by Illinois State University, annual rent for the second 5 years (estimated June 1, 2028, through May 31, 2033) will equate to approximately \$460,000 per year (\$2.30M over 5 years) including reasonable CAM and utility related charges.

Lease Space Modifications and University Equipment & Content Relocation

Upon execution of this lease, the University will need to retrofit the new lease space for secured storage items by installing fencing, security access control systems and miscellaneous other improvements. After this space preparation work is completed, the following activities will need to be completed:

- AFS - Housing and Dining storage materials would be moved from the John Green Building to the new warehouse space on Bell Street.
- University owned – confidential record materials will be moved from the University-owned secured storage space on Warehouse Rd. in Bloomington, IL to newly renovated and secured storage space located in the new warehouse on Bell Street.
- University-owned surplus items will be moved from Warehouse Rd facility to the new warehouse on Bell Street.
- Certain university-owned equipment and supplies from the Facilities Services Stores operation inside the John Green Building will be moved to the new warehouse on Bell Street.

The University was successful in negotiating up to \$500,000 in required renovations costs paid for by the landlord and amortized over the annual lease payments in the 1st 60 months of the lease (Yrs. 1 through 5). Any unused funds will be redirected by the landlord to offset annual lease payments due from the University under the same lease period.

Total project costs being requested below include the lease costs and some additional costs needed to begin certain project related activities that need to be started and completed over the next 3 to 6 months.

<u>Resource Requirements</u>	<u>Years 1-5</u>	<u>(if renewed) Years 6-10</u>	<u>Total Yrs 1-10</u>
Lease Space Costs – 1201 East Bell Street	\$2,650,000	\$2,300,000	\$4,950,000
A/E Fees – Warehouse Facility Relocation Efforts	150,000		150,000
University Owned Equipment & Content Moving Costs	350,000		350,000
Project Contingency	200,000		200,000
Estimated Total Project Costs – Not to Exceed	<u>\$3,350,000</u>	<u>\$2,300,000</u>	<u>\$5,650,000</u>

Source of Funding: General Revenue and AFS Housing & Dining Funds