



I L L I N O I S

UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

Request for Proposal

Developer for Research Park- Phase IV

RESPONSES DUE:

FRIDAY NOVEMBER 13, 2009

4:00 P.M. CENTRAL STANDARD TIME

1. Introduction and Purpose

The Board of Trustees of the University of Illinois (“University”) and the Board of Managers of the University of Illinois Research Park (“UIRP”) jointly seek responses from qualified developers to determine interest in developing the next phase of the University of Illinois Research Park at the University’s Urbana-Champaign campus. The initial ten-year development agreement with Fox-Atkins LLC terminates in May 2010. During the initial development phases of the Research Park, a total of 12 buildings have been constructed with approximately 600,000 square feet of space. There are currently 72 tenants of which 28 are start-up companies located in the University owned EnterpriseWorks incubator facility. Total employment at the Research Park is 1,267 of which approximately 321 are student employees. Included in these numbers is the 126 room I-Hotel and the University owned and operated 38,000 square foot Convention Center that have been recently completed. The initial private development identified in the foregoing will remain under the control and management of Fox-Atkins LLC via long-term land lease arrangements.

The selected developer will be responsible for all aspects of implementing the next development phase (Phase IV) of the Research Park. The Research Park is planned to expand by the addition of approximately 700,000 square feet of buildings with a variety of land use components in accordance with an approved master plan. All aspects of the development—including, but not limited to, planning, design, construction and management of the facilities; marketing, subdivision and improvement of land; and project financing—are subject to the approval by Board of Managers of the UIRP. The successful developer will enter an exclusive ten year term development agreement with the UIRP in addition to executing long term land leases on each property developed.

1.1. Proposal Process and Timetable

The current development agreement terminates in May of 2010. It is the desire of the University and the UIRP to award the RFP and enter into a development agreement negotiation process with a developer for implementation in 2010.

Consequently, the timeline for this RFP is as follows:

Request for proposal published	September, 2009
Proposal submission deadline	November 13, 2009
Selection of developers for interview	December 2009
Selection of preferred developers	January, 2009
Development agreement negotiation	February, 2010
Board of Managers selection	March, 2010
Board of Trustee approval	May, 2010

2. A Vibrant Innovation Community in a World Class University

The University of Illinois is one of the world's premier universities renowned for its innovative and life-changing research, with an outstanding and accomplished faculty, diverse and talented students and preeminent undergraduate and graduate programs. The University of Illinois educates over 70,000 students at its three campuses and through on-line programs. The University of Illinois campus in the twin cities of Urbana and Champaign (combined population of 140,000)—the state's flagship public university—is the host site for this project.

One of the original land-grant universities, the University of Illinois at Urbana-Champaign is one of the top research universities in the country. More than 2,000 faculty members lead 40,000 undergraduate and graduate students in a process of discovery and learning in 16 colleges and schools and in more than 80 research laboratories and research centers, including the renowned National Center for Super-Computing Applications, Beckman Institute for Advanced Science and Technology, Institute for Genomic Biology, Information Trust Institute, Micro and Nanotechnology Laboratory, and Center for Advanced Bioenergy Research among many others. The University claims 22 Nobel laureates among its internationally known faculty and alumni and more than 140 faculty members belong to the American Academy of Arts and Sciences, the National Academy of Science, or the National Academy of Engineering.

The University of Illinois has always been a hotbed of innovation and entrepreneurship. The World-Wide Web was invented here and its students have included such notable innovators as Larry Ellison, the founder of Oracle; the founders of You Tube, Jawed Karim and Steve Chen; Arnold Beckman, founder of Beckman Instruments; Max Levchin, the inventor of Pay Pal; Tom Siebel, founder of Siebel Systems; Michael Krasny, the founder of CDW; and countless others. The LED was invented by Illinois faculty

Nick Holonyak, Jr and Paul Lauterbur made the development of magnetic resonance imaging (MRI) possible.

The campus has tremendous breadth and depth in academic disciplines, with more than 150 undergraduate programs and more than 100 graduate and professional programs. Many of its programs are among the best of their kind. It ranks among the top five universities in the country in number of earned doctorates awarded annually and is ranked among the top ten in the number of patents granted annually. The University library holds the largest public university collection in the world, housing over 10 million volumes. More than one million users worldwide access the online catalog each week. In 2011, with the completion of the Blue Waters project, the University of Illinois will be the home of the world's fastest supercomputer that will provide a computational system capable of sustained petaflop performance on a range of science and engineering applications. In 2008 the PC Magazine rated the University of Illinois the top wired campus in the country.

The campus offers rich experiences beyond the classroom, from the best in the performing arts to Big Ten sports. A major center for the arts, the campus attracts dozens of nationally and internationally renowned artists each year to its widely acclaimed Krannert Center for the Performing Arts. The University also supports two major museums: the Krannert Art Museum and Kinkead Pavilion; and the Spurlock Museum, a museum of world history and culture. Other major facilities include the multipurpose Assembly Hall (16,500 seats); newly refurbished Memorial Stadium (65,000 seats), site of Big Ten Conference football games, and the recently expanded Intramural-Physical Education Building, one of the largest recreational facilities of its kind on a university campus.

2.1 ECONOMIC DEVELOPMENT MISSION

The University of Illinois' mission encompasses teaching, research, public service and economic development. The goal of the University's economic development mission is to leverage the technologies and intellectual properties generated at the University to benefit society, drive economic development and strengthen the University's education and research programs.

With half a billion dollars in research funding annually, the University of Illinois at Urbana-Champaign has generated far reaching innovations that have had profound impact on human lives and have created jobs, businesses, and sometimes entire industries. The University actively pursues opportunities to convert innovations generated in the research labs into useful products and services and

to create technology based businesses that spur economic development and benefit society. In the last five years the University has received over 250 patents and actively participated in the development of more than 40 startup companies.

To further the economic development mission, the University in 1999 established the Science and Engineering Technology Commercialization Initiative to encourage development and commercialization of the new technologies and innovations resulting from research conducted at the University in order to foster economic growth and create jobs. An important component of this initiative was the creation of the Research Park and incubation facilities at Champaign-Urbana. The University formed the University of Illinois Research Park, LLC (UIRP), a University related organization of which the University is the sole member, to oversee the development and operations of the Research Park.

Located minutes from the central campus and connected to it by mass transit, the Research Park at the University of Illinois at Urbana-Champaign is home to a vibrant community of entrepreneurs and innovators who catalyze economic growth through technology based companies. The park provides an environment where technology-based businesses—emerging startups as well as units of Fortune 500 companies—can collaborate on research and development with faculty and students at the University while enjoying access to the Universities libraries, laboratories and other services.

The management of the Research Park is overseen by the Board of Managers appointed by the Trustees of the University of Illinois. The Board of Managers is comprised of three members of the University of Illinois Board of Trustees and three private industry members appointed by the University of Illinois Board of Trustees.

In 2000, the UIRP entered into a ten year agreement with a developer to develop the initial phases of the Research Park at Champaign-Urbana to:

- Provide space, a supportive environment and specialized services to startup companies, especially those that are formed to transfer the University's technology to the market place;
- Attract units of established companies to enhance academic and research relationships with the University;
- Facilitate the location of new companies; and
- Foster economic growth and create jobs in the region.

Since 2000 the Research Park at Champaign-Urbana has grown into a complex of twelve buildings with 600,000 square feet of built space--inclusive of a hotel and convention center and a child care facility--located mainly in the area west of South First Street between St. Mary's Road and Gerty Drive in the city of Champaign, within the boundaries of the South Campus Master Plan. Located in the Park are over 72 research and technology-based companies that take advantage of the University of Illinois's rich intellectual environment and collaborate with University of Illinois researchers and students—launching new paths towards insight, innovation and value. Research Park companies include startup companies that are advancing and commercializing technologies in a wide variety of industries and markets including advanced materials, alternate energy systems, sustainable product engineering, high-performance computing and software, telecommunications and biotechnologies, to name just a few. The Research Park also includes units of Fortune 500 companies, such as Yahoo, ADM, Caterpillar, John Deere, Qualcomm, Abbot Labs and State Farm, all with research relationships with the University of Illinois. Also contained in the Park is Enterprise Works, an incubation facility for startup companies built by the University of Illinois in 2003, with the goal of continually graduating companies into the Research Park and the economy.

The Research Park tenants employ 1,267 people, including 321 students who enhance their education through interactions with private industry and real world technology entrepreneurship while providing the companies with skilled labor at reasonable cost. The companies also tap into the area's rich pool of technology and scientific talent that is augmented each year with thousands of graduates from the University of Illinois.

The Research Park enjoys not only the co-location with the University of Illinois in Champaign, but is also relatively close to major business hubs in St. Louis, Chicago and Indianapolis. Champaign is central to these markets and is served by 3 interstate highways and the University of Illinois Willard Airport with over 100,000 commercial enplanements per year.

2.2 FUTURE DEVELOPMENT VISION

The University envisions the further expansion of the University of Illinois Research Park at the Urbana-Champaign campus over a period of several years in order to continue development of an exciting physical environment that enhances the University's dynamic research activities, supports the entrepreneurial environment of the community, attracts and retains human talent to the community and

ensures the University of Illinois' continued preeminence in research and development. This next phase of the Research Park will comprise of:

- Facilities to house developing and established companies in leased space;
- Facilities for new start-up companies and companies “graduating” from the University incubator located in the Research Park;
- Facilities to house closely allied University activities; and
- Facilities for companies that elect to develop their own facilities on land provided by the University.

Occupants (Tenants) in Research Park buildings will primarily be focused on research and development of technology based products or services. Other tenants that foster and facilitate technology commercialization and formation of startup companies, or provide important services to other Research Park tenants would also be considered. Although the need for some commercial/retail services may develop, it is the intent of the University that the space for such services will be limited to 11 acres located at the corner of Windsor and First streets.

The Research Park will continue to house tenants ranging from new startup companies to established research and technology based companies leasing space. The Park may also include units of established companies that build their own facilities. It is expected most companies will have a relation, affiliation or association with the University. University affiliation, association or relationship may be in a variety of forms including, but not limited to, formal research agreements and license agreements, joint participation in research programs, collaborations with faculty and researchers at the University, or through opportunities for part time employment or internships for students.

3. Description of Development Area

The East Project Area is bounded by St Mary's Road on the north, Fourth Street extended on the east, Windsor Road on the south and First Street on the west, which lies within the corporate limits of the city of Champaign and entirely within the boundaries of the South Campus Master Plan. The project area is immediately south of the Assembly Hall, a 16,500 seat sports and performance center, and the new I-Hotel and University Conference Center and is immediately east of the developed phases of the Research Park. Phase IV encompasses 116 acres of land owned by the University. The total build-out of

this area as prescribed by the Master Plan is estimated to be approximately 700,000 GSF. The availability of the entire project area for development is contingent on the relocation of the University's swine research lab facilities currently located in the project area and the extent to which other university related facilities may be built in the Research Park. The timetable for the relocation of the swine facility is uncertain at this time. Currently 106 acres of land in the project area is available for immediate development.

3.1 Existing Utilities and Infrastructure

The basic infrastructure backbone for the Research Park is largely in place or planned. Phase IV is presently served by First Street, a major arterial. The next planned building developments are adjacent to this street which also contains major utility extensions within the R-O-W. It is expected that the complete extension of Fourth Street from St. Mary's Road to Windsor Road as well as the construction of Hazelwood and Gerty will occur in the time period between 2011 and 2012 which will provide access to the entire Phase IV area. These road projects totaling nearly \$7,000,000 have been authorized for funding by the State of Illinois and are prioritized in the Illinois Department of Transportation multiyear construction plan. An additional Congressional grant for \$570,000 for engineering design has been appropriated and is immediately available for design costs for these improvements. The University of Illinois is entering an agreement with the city of Champaign to design and build these improvements commencing in 2011. Access to certain (non-road) infrastructure is by an infrastructure recovery fee. All connecting systems by the developer shall be constructed in accordance with University standards.

Sanitary Sewer: A sanitary sewer main has been installed along the eastern boundary of First Street. Sufficient capacity and slope exists to serve the development area by gravity sewer via developer installed lateral expansions to serve development.

Electricity: An electrical distribution conduit has been installed by the University along the eastern boundary of First Street. Sufficient electrical capacity exists to serve office and commercial development with the extension of lateral feeder lines. High levels of energy use (such as for data centers) will require coordination with the University as well as Ameren IP of Illinois.

Natural Gas: A natural gas main has been installed from Hazelwood Drive south bisecting the East Project Area.

Storm Water Management: Storm water shall be managed in a manner generally consistent with the South Campus Storm Water Master Plan, dated June 2007.

Water: Water mains exist of sufficient size and capacity to serve the development area with developer installed extensions and laterals.

Road Construction: While the major planned roads will be constructed by University during term of agreement, any additional access roads serving the interior of the development shall be constructed by the developer to University standards and dedicated to the University for maintenance.

Telecommunications: The University shall provide access at developer cost to the University of Illinois telecommunications backbone.

Mobility: The Research Park is served by the Champaign–Urbana Mass Transit District. A system of bike and pedestrian ways are required design components for all development planning. Parking shall be provided to serve development as provided for by zoning.

3.2 Planning and Zoning Considerations

Approximately 50 acres of the subject East Project Area has already been zoned and annexed to the city of Champaign subject to the terms of an annexation agreement entitled “Annexation Agreement Amendment No. 2” approved in March 2009. The Research Park is primarily zoned “Commercial Office” which permits the uses called for in the Master Plan. Approximately 11 acres is zoned “Neighborhood Commercial” at the southwest corner of First Street and Windsor Road. The remaining areas of the development area will be annexed in 2009 by administrative action of the University. By agreement with the city of Champaign, development of the Research Park of privately owned structures will be subject to the zoning and permitting process of the city of Champaign. The development and land planning for the Research Park shall be in general accordance with the Research Park Master Plan adopted by the University of Illinois Board of Trustees, and may be amended from time to time. Planning documents including the Research Park master plan and master plan updates can be found at: <http://www.uocpres.uillinois.edu/resources/uiucplan.shtml>

3.3 Ownership of Lands and Improvement

The University envisions a long term ground lease arrangement. The University will first transfer to the UIRP parcels of land in the project areas that are ready for development. The developer will then lease specific parcels of the underlying property from the UIRP for up to 50 years contingent upon the proposed use and other factors. The ground rent for the parcel will be based on appraised market value of the land. At the end of the lease term, all improvements will become the property of the Board of Trustees of the University of Illinois. The University of Illinois currently owns all the land in the project area.

3.4 Extent of University Participation

The University of Illinois has secured funding to construct infrastructure to prepare the Phase IV area for development. Additionally, the University will support each specific building proposal by leasing the designated land to the developer through the UIRP. The University will provide full support and cooperation to the developer with respect to technical assistance, obtaining required approvals, and the formulation and development of strategies consistent with the goals and objectives of the Research Park.

It is anticipated that the University will provide tenants of the Park access, at reasonable cost, to a unique bundle of affiliate services that will differentiate the Research Park from other real estate developments. Affiliated services provided to current tenants in the Research Park and expected to be continued for new tenants include access to the campus computer network “backbone” at commercially competitive rates, access to University research services, including libraries and laboratories, and ability to hire graduate and undergraduate students for part-time employment and internships, among others. Companies will also have the possibility of entering into research partnerships and consulting arrangements with University faculty and staff.

3.5 Role of the Master Developer

While there are numerous activities and responsibilities of any developer, in order for the Research Park to be successful the developer must demonstrate the capacity to execute on the following three primary roles:

- Build and finance buildings and facilities including the advance construction of facilities without tenant commitments (spec space) ;
- Successfully market the Research Park and in order obtain suitable tenants for facilities; and
- Successfully manage the research park tenants and facilities.

A phased multi-project approach will be required to deliver a program consistent with the objectives of the initiative. The developer will work closely with the Board of Managers of the UIRP in planning and implementation of the project. The developer will be responsible for preparing and obtaining approval of a general development plan for each site proposed, financial and building design plans, and for construction management in addition to ongoing property management. The developer will have responsibility for marketing the Research Park to prospective tenants, advertising the facilities, negotiating leases and providing necessary services to build out internal spaces to tenant specifications. The Board of Managers of the UIRP and appropriate University staff will review the general development plan, financial plans, and building design plans at the appropriate stages in the development process. All plans and proposals, along with development and land lease agreement, will be subject to the approval of the Board of Managers.

A variety of development services are likely to be required over the course of the development and ongoing management including, but not limited to, the following:

- Financing
- Planning and programming
- Design and engineering
- Permitting and construction
- Maintenance and facility management
- Marketing and advertising
- Lease negotiations and other tenant services

4. Development Contract

The University, through the UIRP, anticipates the execution of a Master Developer Agreement evidencing the rights and obligations of the University and the developer. All written material submitted in response to this Request for Proposal becomes the property of the University and may be appended to the contract between the parties. All contracts will be negotiated through the University of Illinois Research Park, LLC and is subject to the approval of the Board of Managers of UIRP, the University Administration and the Board of Trustees of the University of Illinois.

The University reserves the right to negotiate modifications to any proposal with the selected developer without obligation to communicate, negotiate or review similar modifications with other respondents.

4.1 Terms

The general terms of the agreement will be negotiated as part of the selection of the master developer.

5. Submittal and Evaluation Process

The University is issuing this request with the intent of evaluating responses and developing a “short list” of qualified respondents in Stage One. One or more respondents will be selected for further review in Stage Two. The Board of Managers will select the finalist in Stage 3.

5.1 Selection Process

The University has elected to use a multi-stage process to identify and select a qualified and financial capable master developer for Phase IV.

Stage One

This stage (current) will consist of the candidate’s response to this RFP, including statements of qualifications and experience, financial capability, organizational capability, development team composition and general development approach. On the basis of Stage One RFP submittals, the University will invite one or more candidate developers/development teams to provide additional information, make presentations and participate in interviews, for evaluation by the selection committee.

Stage Two

During this stage, additional detailed information will be required from the selected developers/development teams, including, but not limited to, potential design approaches including sustainability, development schedules including a “spec space” proposal and plan, marketing approach and plan, analysis of project economics for developer and tenants and detailed evidence of financial

capability of completing the project. Selected candidates will have the opportunity to present this detailed proposal to the selection committee and other University representatives. During the presentations the candidates will also discuss their overall approach to the project and their qualifications. The developer will be required in this phase to present preliminary proposals on key development agreement terms and the proposed obligations of the parties, including, but not limited to, marketing budget, any revenue sharing proposals, and proposed land lease rate formula. A pro-forma schedule of financial cash flow to the UIRP based on developer assumptions will be requested.

Stage Three

One or more stage two development proposals will be considered by the UIRP Board of Managers for a selection of the master developer. The finalized development agreement will be taken to the University of Illinois Board of Trustees for approval subsequent this step.

6. Submission Requirements

The following will comprise the complete submission packet for Stage One:

- Cover letter
- Qualifications and organizational capabilities
- Statement of Phase IV development concept
- Developer representative identification and contact point
- 3 references

Further details regarding the “Qualifications and organizational capabilities” as well as the “Statement of Phase IV development concept” sections are discussed below:

Qualifications and Organizational Capabilities

The submission for this section must address the following in appropriate detail:

- Description of the master development team, including names of all participating firms and individual key participants, their qualifications and their specific roles in the development process.
- Adequate evidence of financial capability of the development team to undertake and complete the project, including, but is not limited to, the following:
 - Information on existing lines of credit, bonding and insurance capacities and established institutional and banking relationships;

- Description of applicants typical approach to financing large scale building projects and identification of proposed financing sources to be used and the relationship of the applicants to those sources;
- Description of financing arrangements undertaken for comparable projects by the applicant; and
- Detailed financial statements (may be submitted under separate cover for confidentiality)
- Evidence of capability of development team linked to relevant past experience with comparable projects including buildings startup companies as well as those for established Fortune 500 companies
- Description of marketing capabilities in-house or third party
- Description of property management experience
- The overall experience of the developer in managing the building construction process.

Statement of Phase IV Development Concept

The purpose of this section is to allow respondents the opportunity to present their understanding of the scope and objectives of the project, knowledge of similar projects around the country (especially University related research parks) and to demonstrate financial, managerial, marketing and technical expertise required to complete the project successfully. The section also provides the opportunity to provide examples of innovation and to demonstrate understanding of the University environment and opportunities to leverage the resources of the University, the State of Illinois and Cities of Champaign and Urbana for the benefit of the project. The section should address (but is not limited to) the following questions in appropriate detail:

- *Development concept:* What considerations and concepts will guide the respondent's overall development plan?
- *Development timetable:* How will development be phased to accommodate market and economic conditions while at the same time assuring an appropriate build out of space? What is the developer's commitment to constructing "spec" space? What is the likely timetable for construction of buildings?
- *Marketing plan:* How does the respondent propose to market the research park to prospective tenants? What is the developer's experience in marketing to tenants suitable for technology focused Research Park? What resources will the respondent devote to marketing the Research Park?

- *Development landuse plan:* To what extent, if any, must the approved Research Park Master plan be modified to accommodate the Phase IV development concepts proposed by the developer?
- *Building Design:* What are the overall parameters that will guide the design of buildings and the amenities in the buildings to serve the diverse needs of the tenants?
- *Sustainability and Mobility:* How will sustainability concepts be incorporated in land use design and design of buildings? How will various forms of mobility including pedestrians, bicycles, mass transit and parking be accommodated?
- *Affordability/rental mix:* How will the proposed development be consistent with the financial capacities of the prospective tenants, especially startup companies?

Review of References

Each respondent is required to identify at least three (3) references, including one or more from educational institutions, or research and/or office parks for which the respondent has successfully provided development and management services. The University reserves the right, but is not obligated, to contact and review the development at any institution or corporation identified by any respondent as a reference.

Developer Representatives

Each respondent is required to identify the people who are anticipated to represent the developer in implementing the project including a single contact point with contact information. The University reserves the right, but is not obligated, to require a meeting with the proposed representatives as part of its evaluation of any or all proposals.

The University will review the proposals, evaluate any presentations, review references, and conduct meetings with representatives in its evaluation. In addition, the award will be predicated upon the successful negotiation of the specific terms and conditions to be included in the Master Development Agreement. The University will be the sole judge of the suitability of the proposed services and terms of Agreement.

7. Response Submission Deadline & Requirements

- **Responses must be received by 4:00 p.m. (Central Standard Time) Thursday November 13, 2009.**

- **All packages must be clearly marked with “Developer for Research Park Phase IV”.**
- One original and two (2) copies should be submitted to:
Mary White
University Office of Capital Programs and Real Estate Services
807 S. Wright Street, Suite 340
Champaign, IL 61820
- An electronic copy (PDF) of the complete proposal shall also be forwarded no later than the deadline noted above to the following email address: bwalden @uillinois.edu

Additional Assistance and Questions

Questions regarding the content of the RFP should be directed to:

Bruce Walden
Director Real Estate Services
807 S Wright Street, Suite 340
Champaign, IL 61820
bwalden@uillinois.edu