

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: State Building Authority Financing of University of Michigan Project

Action Requested: Approval of Resolution Requesting and Accepting Conveyance of Property to the University Financed by the State Building Authority

Background and Summary:

The State Building Authority (SBA) financed the construction of the University of Michigan-Ann Arbor Central Campus Renovations Phase II Literature, Science and Arts (LSA) Building and entered into a thirty-five year lease agreement with the University dated August 1, 2007. The original site, as described in Exhibit B of the lease, conveyed to the SBA property surrounding the LSA building that exceeded the requirements of the SBA financed project. Currently, the LSA Building First Floor Renovation and Addition capital project approved by the Board of Regents on September 15, 2016, is being constructed on a portion of the excess property conveyed to the SBA.

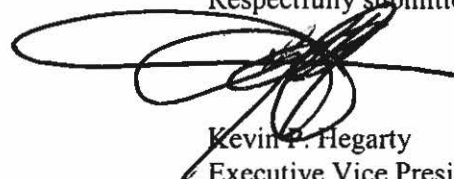
Upon the request of the University and in accordance with the terms of the proposed SBA lease amendment, the SBA will convey all excess property related to the University of Michigan-Ann Arbor Central Campus Renovations Phase II LSA Building project back to the University so that the new LSA Building First Floor Renovation and Addition project is situated on University owned property.

The attached Resolution of the Regents of the University of Michigan Approving the Conveyance of Property and an Amendment to the Lease for the University of Michigan-Ann Arbor Central Campus Renovations Phase II LSA Building (the Resolution) requests the SBA to convey to the University the excess property as related to the University of Michigan-Ann Arbor Central Campus Renovations Phase II LSA Building SBA project and the LSA Building First Floor Renovation and Addition project.

We recommend the Board of Regents approve the attached Resolution for the conveyance of the property and authorize the appropriate officers to execute:

- The quitclaim deed for the conveyance of the property back to the University
- The lease amendment to redefine the property lines of the SBA project
- Any other documentation required for the conveyance of the property back to the University.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
APPROVING CONVEYANCE OF PROPERTY AND AN AMENDMENT TO THE
LEASE FOR THE UNIVERSITY OF MICHIGAN-ANN ARBOR CENTRAL
CAMPUS RENOVATIONS PHASE II
LITERATURE, SCIENCE AND ARTS BUILDING

WHEREAS, the Regents of the University of Michigan (the "University") has previously conveyed property (the "Original Site") to the State Building Authority (the "Authority") for the purpose of acquiring and constructing the University of Michigan-Ann Arbor Campus Renovations Phase II Literature, Science and Arts Building (the "Facility") which was leased to the University pursuant to a lease dated as of August 1, 2007 (the "Lease") among the University, the Authority and the State of Michigan (the "State");

WHEREAS, the Original Site contains land described on Exhibit A (the "Excess Property") which is not needed for the Facility;

WHEREAS, the University needs to create a new rental development (the "Development");

WHEREAS, the University needs the Excess Property for the purpose of construction of the Development, which will be conveyed to and leased from the Authority;

WHEREAS, the University would like the Authority to convey the Excess Property to the University;

WHEREAS, INTEGRA Realty Resources – Detroit has stated that the transfer of the Excess Property will not reduce the economic or market value of the Facility to the State and the University and the true rental for the Facility should not be reduced; and

WHEREAS, the transfer of the Excess Property will require an amendment to the Lease (the "Lease Amendment").

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF MICHIGAN THAT:

1. The University authorizes the conveyance of the Excess Property from the Authority to the University for the consideration of One Dollar (\$1.00).

2. The University hereby authorizes and approves the Lease Amendment in substantially the form attached as Exhibit B, and any one of the two of the following then seated officers of the University:

Mark S. Schlissel, President of the University of Michigan, and
Kevin P. Hegarty, Executive Vice President and Chief Financial Officer of the
University of Michigan,

(each an "Authorized Officer") are hereby authorized and directed to execute and deliver the Lease Amendment in substantially the form attached as Exhibit B for and on behalf of the University.

3. The Authorized Officers are severally or jointly authorized and directed to take or cause to be taken all other actions, including, without limitation, making requests of and approving requests from the Authority and the State and signing certificates, documents or other instruments, each on behalf of the University as they deem necessary or desirable under the circumstances to accomplish the purposes of the transactions authorized in this Resolution.

4. The University agrees that the Rental for the Facility will not be reduced by the transfer of the Excess Property.

5. This resolution shall be effective immediately upon its adoption.