

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Nine Parcels on South Fifth Avenue, East Madison Street, and John Street, Ann Arbor Michigan

Action

Requested: Authorization to Purchase Real Estate

Background:

An opportunity to acquire property strategically located adjacent to the university's Coliseum property is available through the purchase of nine adjacent parcels along South Fifth Avenue south of East Madison Street in the city of Ann Arbor. There are three parcels each on South Fifth Avenue, East Madison Street, and John Street (see attached map). The subject site is commonly known as Fingerle Lumber and includes 6.54 acres of land. There are numerous warehouse-type buildings on the property, none of which are well suited for long-term university use. Although the property is situated in both the floodway and floodplain, it can be appropriately developed. Although the long-term development needs are to be determined, this property will provide a unique opportunity for Central Campus.

A purchase price of \$24,000,000 has been established with a closing date prior to March 31, 2019, all subject to approval of this action request by the Board of Regents. The university will have approximately 90 days to complete due diligence. The current owner intends to enter into a lease with the university that would allow it to continue to operate at this location until December 30, 2019. The monthly lease payment will be an amount equal to the net amount of the purchase price paid to the seller at closing, multiplied by the 52-week U.S. Treasury Bill Coupon Equivalent Rate in effect as of the closing date, divided by 12 months.

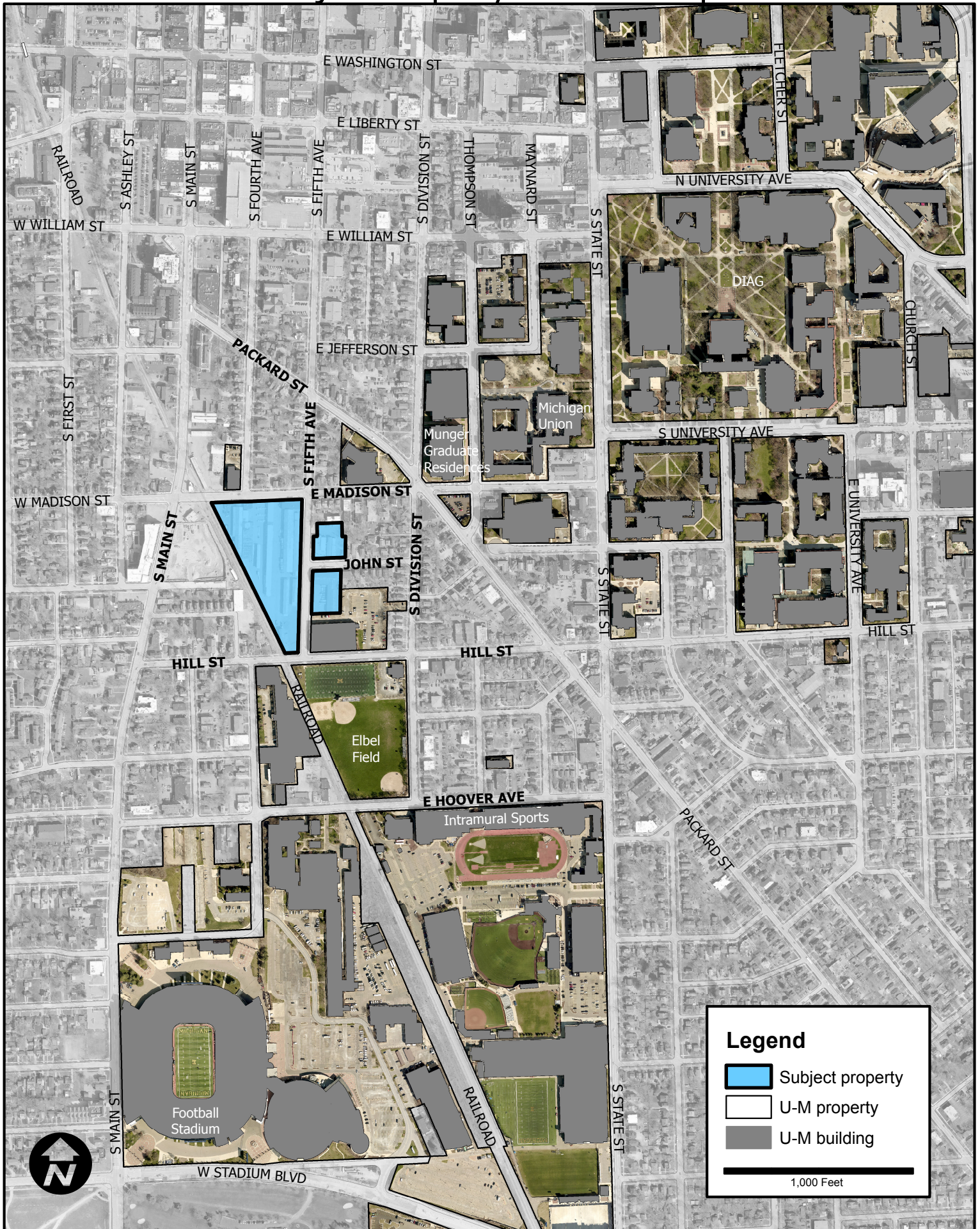
We recommend that the University of Michigan acquire the property as described on South Fifth Avenue, East Madison Street, and John Street in the city of Ann Arbor, Michigan, at the negotiated price of \$24,000,000, subject to the university satisfying itself with the environmental condition of the site and otherwise completing due diligence. Investment proceeds will be used to fund the purchase.

Respectfully submitted,



Kevin D. Hegarty
Executive Vice President and
Chief Financial Officer

Subject Property Location Map



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