

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: 320 S. Sterling, Ashley, Michigan

Action

Requested: Authorization to Sell Real Estate

Background:

Sparrow Carson City (“Sparrow”) owns a vacant, single-story medical office building located at 320 S. Sterling, Ashley, Michigan (“Ashley Property”). There are no future plans to use or develop the Ashley Property.

We are proposing to sell the Ashley Property for \$30,000, to a buyer who will improve it and use it as administrative office space for the Village of Ashley. This is not viewed as a conflict with Sparrow medical practices.

The Ashley Property is located in a rural area. The building is 20 years old, is outdated in aesthetic, and has damage due to water infiltration. Sparrow acquired the Ashley Property in February 2015. It has been available for sale under CBRE's listing since June 2022. Leveraging CBRE's valuation and market insights and UM Health’s negotiation expertise, Sparrow entered into a purchase agreement with the buyer at the market value price of \$30,000. From a high-level balance sheet perspective, this sale would result in an increase in cash of \$30,000, a decrease in net property, plant, and equipment of \$68,374.37, and an increase in non-operating loss on sale of asset of \$38,374.37.

Given the Ashley Property’s current vacancy, water damage, and irrelevance to Sparrow's operations and strategy, Sparrow is eager to progress towards closing the sale. The terms of this sale have been specified in a Purchase Agreement negotiated and agreed upon among the parties, subject to board approvals.

We recommend that the University of Michigan sell the property located at 320 S. Sterling, Ashley, Michigan for \$30,000 upon terms and conditions acceptable to the University.

Respectfully submitted,





Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

May 2024
Attachment



**Sparrow Carson City Hospital
Ashley, Michigan**

 Subject parcel

 1,000 Feet

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