Subject: Marsal Family School of Education at Marygrove

Action Requested: Approval of Lease and Approval to Proceed with Leasehold Improvements

Background:

In accordance with the University of Michigan Real Estate Policy, we are required to seek approval to execute leases when the lease term exceeds ten years, the lease exceeds 50,000 square feet, or the leasehold improvements exceed $3,000,000. The Marsal Family School of Education (Marsal School) wishes to enter into a lease for approximately 58,300 square feet of space for an initial term of ten years within the Marygrove campus at 8425 West McNichols Road, Detroit, Michigan. This new location will allow the Marsal School to add dynamic new educational opportunities for its students. It will also enable the Marsal School to house its students on the Marygrove campus in newly renovated residence hall. A leasehold improvement project will be necessary within the new premises to accommodate modern classrooms and living quarters.

The estimated cost of the leasehold improvements is $12,750,000, with $2,900,000 funded through the lease as a tenant improvement allowance, and the remainder of the funding will be provided from Marsal Family School of Education resources. Construction will be managed by the lessor and is scheduled to be completed in the fall of 2024.

The Marygrove campus will serve as a home to first-year students enrolled in the Marsal School’s new Learning, Equity, And Problem Solving for the Public Good (LEAPS) program. Housing for 20-30 first-year students will begin in Fall 2024, with expectations the program will grow to 120 first-year students by Fall 2027. The lease includes residential space for the students, visiting faculty and staff, instructional space, communal gathering space, and access to recreational facilities.

The Marygrove campus will provide a standard of living consistent with the University of Michigan’s campus in Ann Arbor. Cafeteria services, recreational opportunities, security, transportation, student support, and numerous other critical topics are being planned and accounted for on the Marygrove campus. It will be an exciting and unique experience for our students, and ensuring their wellbeing is our highest priority.

We recommend the Board of Regents approve the lease and the leasehold improvements project as described.

Respectfully submitted,

Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

December 2023