Question/Answer

Question 1
In Sec III, C., 2., c. the useful lifespan of the proposed facilities is mentioned.
1. What is the maximum ground lease term the University will consider?

Response: THE UNIVERSITY WILL CONSIDER ANY GROUND LEASE TERM UP TO A MAXIMUM OF 99 YEARS.

Question 2
In Sec III, C., 2., d. an “operating lease” is mentioned.
2. Will the University sign a 30 year NNN master lease for the new facilities?
   1. If not 30, what is the maximum term?

Response: THE UNIVERSITY WILL NOT IN ANY WAY ENTER INTO A MASTER LEASE OR PROVIDE ANY OCCUPANCY OR FINANCIAL GUARANTEES ON ANY PORTION OF THE FACILITIES EXCEPT IN THE CASE WHERE IT DESIRES TO LEASE AND OCCUPY CERTAIN RETAIL PORTIONS FOR ITS OWN USE SUCH AS FOR A DINING FACILITY.

   3. If the University does not wish to sign an operating lease or NNN master lease, does it therefore desire an off-balance sheet P3 structure (neutral rating agency impact)

Response: THE UNIVERSITY WILL ONLY ENTER INTO A PUBLIC PRIVATE PARTNERSHIP ARRANGEMENT THAT IS FINANCED SOLELY BY TRUE EQUITY (NO DEBT) AND IN THE OPINION OF THE RATING AGENCIES WILL NOT COUNT AS OFF BALANCE SHEET DEBT FOR PURPOSES OF DETERMINING ITS REMAINING DEBT CREDIT CAPACITY.

Question 3
On page 2, the QSR states that “100% equity financing by the potential P3 partner firm is a requirement for the project”. Just to be clear, the University of Michigan requires that the developer bring 100% of project costs without the use of any debt instruments?

Response: CORRECT. NO DEBT INSTRUMENTS.