

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

December 18, 2008

ACTION REQUEST

Subject: 173.5 Acres of Land with Buildings Located in Washtenaw County, Ann Arbor, Michigan

Action

Requested: Authorization to Purchase Real Estate

Background:

An opportunity is available to acquire 173.5 acres of land with approximately 1,975,000 gross square feet of buildings, commonly known as the Pfizer Ann Arbor campus located at Huron Parkway and Plymouth Road in Washtenaw County, Ann Arbor, Michigan. This property is adjacent to North Campus and consists of 90.5 acres of improved land with 1,975,000 gross square feet of primarily research laboratory space and support spaces with an additional 83 acres of unimproved land. The purchase also includes furniture and laboratory equipment.

The majority of the acreage was once owned by the University and includes various parcels sold by the University to Parke, Davis & Company dating back to 1957, through the more recent sale of 53.7 acres to Parke, Davis & Company in 2002. The latter sale included an agreement that the University have the "first right of opportunity" to repurchase the property should Parke, Davis & Company or its successor decide to sell it. These land sales over many decades by the University allowed Parke, Davis & Company (Pfizer) to expand its operations to the present major research and development facility.

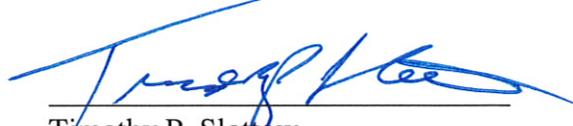
This land, which had once been part of the University's North Campus and much of which is now improved, along with the additional acreage and buildings offered for sale, will provide suitable space for continued growth of the University's research activities, and potentially the creation of at least 2,000 new jobs over the next decade. We will launch a strategic facility planning process to determine exactly which University units will use the buildings and land, and how the buildings and land might potentially be used with research and industry partners.

To the extent facilities require renovation or other updates to accommodate users, we would return to the Board of Regents with an additional action request seeking approval for that specific project pursuant to our standard process for all capital projects. As part of the purchase agreement, the University will assume responsibility for certain environmental conditions, should any develop, up to a limit of \$12,000,000.

A purchase price of \$108,000,000 has been established with a tentative closing in June 2009. Medical School resources, University of Michigan Hospitals and Health Centers' resources, and investment proceeds will be used to complete the purchase. The acquisition cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents.

We recommend that the University acquire the property in Washtenaw County, Ann Arbor, Michigan, at the price of \$108,000,000 subject to the University satisfying itself of the environmental condition of the site, the condition of the facilities and infrastructure, and completing due diligence, and authorize the executive vice president and chief financial officer to take all appropriate and necessary steps to complete the transaction described above.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2008
Attachment

