

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
December 17, 2015

ACTION REQUEST

Subject: 1 Riverfront Center West, Flint, Genesee County, Michigan

Action

Requested: Authorization to Accept Gift of Real Estate and Authorization for the Executive Vice President and Chief Financial Officer to Execute a Lease

Background:

The Uptown Reinvestment Corporation (URC) is offering to donate to the university the Riverfront Conference Center at 1 Riverfront Center West in Flint, Michigan. The property is strategically located on the west side of the Flint campus across the street from the University Pavilion (see attached map). The property has a covered walkway to the FirstMerit Building and a Flint Downtown Development Authority parking structure.

The subject property is an approximately 340,000 square foot, sixteen-floor building that was constructed in 1981 as a Hyatt Regency Hotel. The property was purchased by URC in 2009. The building now contains a residence hall with 172 units and capacity for 523 beds. The property provides beds for students of UM-Flint, Baker College, and Charles Stewart Mott Community College. The property also contains the Riverfront Banquet Center and 30,000 square feet of space currently leased to the UM-Flint School of Management.

A facilities condition study, environmental assessment, and title work have been completed, along with a capital plan to address building needs.

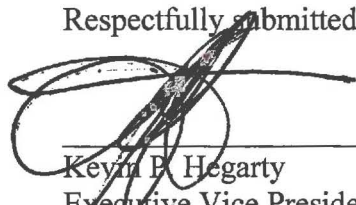
The gift will have significant benefits to the university. The Riverfront Conference Center building will provide expanded academic programming possibilities in the field of hospitality with the potential to enhance its living and learning programming. It will also allow for the consolidation of university housing services to include both the existing First Street Residence Hall and the Riverfront Conference Center building, and will provide a wider variety of room options for students. The First Street Residence Hall has been at full capacity for the past three years, so future savings can be realized by not having to build another residential facility. There will also be a financial savings as UM-Flint will own the space presently being leased for its School of Management.

The university agrees to lease back for \$1 for a ten-year term the roof of the property for cellular antennas, with the option of the parties to mutually agree to extend the term of the rooftop lease for two five-year terms. The rent during any option term shall be 50 percent of the net revenues received by URC from any third-party subleasing the roof.

The university has agreed that for a period of ten years that the university (a) shall only use the property for educational purposes, and (b) shall obtain the donor's prior written consent to any proposed sale or other transfer of the property. Further, for a period of 60 years, the university has agreed to notify the donor of any planned changes in the primary functions of the property, including student housing, classrooms, and banquet space.

We recommend that the university accept the gift property described above at 1 Riverfront Center West in Flint, Genesee County, Michigan, subject to the university satisfying itself of the environmental condition of the site and completing due diligence, and authorize the executive vice president and chief financial officer to take all appropriate and necessary steps to complete the donation transaction described above and to execute a lease of the roof to URC at \$1 per year for ten years, with the possibility of two five-year extensions as outlined above. Net proceeds from the lease will be applied to UM-Flint resources.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

December 2015
Attachment

