

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Center for Academic Innovation

Action

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

Background:

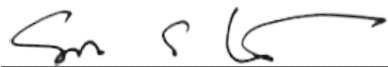
In accordance with the University of Michigan Real Estate Policy, we are required to seek approval to execute leases when the lease term exceeds ten years, the lease exceeds 50,000 square feet, or the leasehold improvements exceed \$3,000,000. The Center for Academic Innovation wishes to enter into a lease for 42,204 square feet of space for an initial term of ten years within the building at 317 Maynard, Ann Arbor, Michigan. This new location will allow the Center for Academic Innovation to consolidate two leased locations and one on-campus location into one unified space.

The new space will also house a state-of-the-art extended reality (XR) studio and other modern design, editing, and production studios that will accommodate the university's various expanding online learning and video production needs of the future. A leasehold improvement project will be necessary within the new premises to accommodate the installation of these studios. The remainder of the space will accommodate staff with minimal changes.

The estimated cost of the leasehold improvements is \$10,000,000, with \$2,110,200 funded through the lease as a tenant improvement allowance and the remainder funded from reserves. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. Construction will be managed by the lessor and is scheduled to be completed in the summer of 2023.

We recommend that 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

September 2022