

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Ypsilanti Health Center Adolescent Partial Hospitalization Program
300 West Michigan Avenue, Ypsilanti, Michigan

Action

Requested: Approval of Lease

Background:

University of Michigan Health is nearing completion of construction of a new comprehensive ambulatory care center at 300 West Michigan Avenue in downtown Ypsilanti, consisting of approximately 44,000 SF of leased space in the building. There is also an opportunity to implement an Adolescent Partial Hospitalization program (PHP) at the site to provide access to individuals with emotional and behavioral health challenges. To support this program, a lease of 8,000 square feet is required, for a total of 52,000 square feet of leased space at the 300 West Michigan Avenue site.

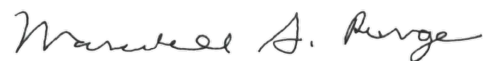
In accordance with the University of Michigan Real Estate Policy, we are required to seek approval to execute leases when the total square footage, whether through a single lease or through a combination of leases at the same site, exceeds 50,000 square feet.

This proposed lease is located on the first floor of the building, including use of outdoor activity space. The lease term agreed upon is five (5) years, commencing on or about January 1, 2025. The base rent for the first year is set at \$24.00 per rentable square foot, increasing by 2% annually thereafter. Building operating expenses will be based on our pro-rata share of space and will be charged over a 2026 calendar base year. The lease rate and terms are in line with current market conditions. To accommodate the desired PHP within the building, a leasehold improvement project will also be required.

Funding will be provided from a cost-reimbursable grant awarded to the University of Michigan Health by the State of Michigan, whereby the University of Michigan Health will fund the costs upfront, then submit documentation to the State for reimbursement under the terms of the grant.

We recommend that the Board of Regents approve the lease as described and authorize the EVPCFO to execute the lease.

Respectfully submitted,



Marschall S. Runge, M.D., Ph.D.
Executive Vice President for Medical Affairs
and Dean, Medical School



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

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