

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: 1044 Hayden Road, Muir, Michigan

Action

Requested: Authorization to Sell Real Estate

Background:

Sparrow Ionia (“Sparrow”) owns a vacant, single-story medical office building located at 1044 Hayden Road, Muir, Michigan. (“Muir Property”). There is no near-term or future plan to use or develop this property.

We are proposing to sell the Muir Property for \$320,000, to a buyer who will improve it for use by Ohana Medical Group for general practice medicine. This is not viewed as a conflict with Sparrow medical practices.

The Muir Property is located in a rural area. The building is 21 years old and is outdated in aesthetic. Sparrow acquired the Muir Property in December 2013. It has been available for sale under CBRE's listing since July 2023. Leveraging CBRE's valuation and market insights and UM Health's negotiation expertise, Sparrow entered into a purchase agreement with the buyer at the market value price of \$320,000. From a high-level balance sheet perspective, this sale would result in an increase in cash of \$320,000, a decrease in net property, plant, and equipment of \$135,228.18, and an increase in non-operating gain on sale of asset of \$184,771.82.

Given the Muir Property's current vacancy and irrelevance to Sparrow's operations and strategy, Sparrow is eager to progress towards closing the sale. The terms of this sale have been specified in a Purchase Agreement negotiated and agreed upon among the parties, subject to board approvals.

We recommend that the University of Michigan sell the property located at 1044 Hayden Road, Muir, Michigan for \$320,000 upon terms and conditions acceptable to the University.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

