

BOARD OF REGENTS

EASTERN MICHIGAN UNIVERSITY

SECTION: 4

DATE:

July 21, 2006

RECOMMENDATION

New Lease — Savage Geckos LLC

ACTION REQUESTED

It is recommended that the Board authorize the University to negotiate and sign a lease with Savage Geckos LLC within the parameters outlined below which will be brought back to the Board for final review and approval at the Board's September 2006 meeting.

STAFF SUMMARY

In April 2006, the University released a Request for Proposal for a game room location in the EMU Student Center. The game room selection committee recommended that Savage Geckos build out and operate the game room location in the EMU Student Center. Savage Geckos will provide and operate a state of the art gaming facility in the Student Center that consists of a Gaming Theater™ supported by a retail store. Savage Geckos will invest at least \$260,000 to build out and furnish the Student Center game room. The lease is for a five (5) year term commencing on July 1, 2006 and ending on June 30, 2011. By mutual written consent, the lease may extend for an additional five (5) year term. The lease provides for the annual rental payment to be a guaranteed minimum rental payment of \$21,000 plus a percentage of annual gross sales. The EMU Student Center is expected to open in November 2006. The build out is expected to commence in July 2006.

FISCAL IMPLICATIONS

Based on annual gross sales of \$150,000, annual rent is projected at \$25,950.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date