

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 20

DATE:

October 30, 2012

**RECOMMENDATION
LIVONIA SITE LEASE AGREEMENT**

ACTION REQUESTED

It is recommended that the Board of Regents approve a five year lease extension with Cambridge Center Limited Partnership for EMU's Livonia campus location under the lease terms outlined below.

STAFF SUMMARY

Eastern Michigan University offers a wide range of courses and degrees in convenient, flexible and innovative formats — both online and at locations throughout Michigan, including Livonia. Over the last decade, student credit hours at the Livonia site have grown from 5,544 hours in FY02 to 8,277 in FY12.

Since 1998, the University has leased space at 9209 W. Six Mile Road for the Livonia campus site from Cambridge Center Limited Partnership. The existing lease agreement is for 22,453 sq. ft and expires in June 2013. The FY13 lease rate under the existing agreement is \$23.00 /sq. ft.

The location and size of the Livonia site have served the University's needs well and a five year lease extension is recommended. There is no change in sq. ft. and the lease rate is reduced by 16.5% from the current \$23.00 sq. ft to an average of \$19.20/sq. ft. over the five year period. The rate reduction results in savings to Eastern of approximately \$87,000 annually and \$437,000 over the five years (FY14 through FY18).

As part of the proposed agreement, the lease rate for the remaining eight months of the current agreement would be reduced, saving an additional \$95,500 in FY13. Also, the landlord will be providing and paying for minor suite improvements during the next three months.

FISCAL IMPLICATIONS

The average annual lease cost for the five years is \$431,100. Compared with current lease rate, the proposed lease extension will result in cost savings of \$532,500 over the life of the contract including \$95,500 in savings for FY13 and \$437,000 in FY14 through FY18.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date