

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 19
DATE: September 18, 2012

RECOMMENDATION

ACTION REQUESTED

It is recommended that the Board of Regents approve the Addendum to the Ground Lease between Eastern Michigan University and Ypsilanti Township dated September 26, 1986 and amended on March 1, 1988.

STAFF SUMMARY

Ypsilanti Township and EMU are parties to a lease agreement for the land on which the Eagle Crest Golf Course resides. The land is owned by Ypsilanti Township and leased to EMU. The University has retained a golf course architect to plan and design the enhancements to the Golf Course pursuant to a master plan, so that the property will continue to operate as a first class resort, consisting of the Marriott Hotel, Eagle Crest Conference Center, and Eagle Crest Golf Course, to the benefit of the EMU and the Ypsilanti Township communities. The renovations are anticipated to take place in phases over approximately five years, with each phase having to be completed during the non-peak season. Time is of the essence with respect to completion of the renovations set forth in the Golf Course Master Plan and it is therefore imperative that the Township approval process protect the interest of Township residents and also expedite decision making to facilitate enhancements to the property in the interest of all parties.

The Addendum to the Ground Lease is for a single project – the improvements to the golf course pursuant to the Master Plan, which the Township has received, reviewed and approved. As the project proceeds, the Ground Lease Addendum establishes the process by which Township review and approval will be accomplished. It provides that approval requests will be reviewed by an Administrative Review Committee, as described in the Addendum, and that all approvals will be processed within ten days of submission by EMU.

FISCAL IMPLICATIONS

None.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer
Gloria A. Hage
General Counsel

Date

ADDENDUM TO GROUND LEASE

The Addendum to Ground Lease ("Addendum") is made as of this 18th day of September, 2012, by and between Ypsilanti Township, a charter township established under the laws of the State of Michigan ("Landlord" or the "Township"), and Eastern Michigan University, a public university established under the laws of the State of Michigan ("Tenant" or the "University").

The circumstances leading to the execution of this Addendum are as follows:

A. The Township, as landlord, and the University, as tenant, are parties to a Ground Lease dated September 26, 1986. The Ground Lease was previously amended by an Amendment to Ground Lease dated as of March 1, 1988. The Ground Lease, as so amended, is hereinafter referred to as the "Ground Lease." Capitalized terms used but not defined in this Addendum shall have the meanings ascribed to them in the Ground Lease.

B. The University has developed an eighteen hole championship golf course (the "Golf Course") and clubhouse on the approximately 136 acres of land that is the subject of the Ground Lease (as more particularly described in attached Exhibit A, the "Golf Course Property").

C. Adjacent to the Golf Course Property are the Eagle Crest Corporate Education Center (the "CEC"), owned by the University, and a luxury hotel (currently named the Marriott Hotel at Eagle Crest Resort) (the "Hotel"), owned by a third party.

D. The Hotel, the CEC and the Golf Course (collectively, the "Resort") are managed on a coordinated basis as a first class resort and conference center. The Golf Course has a premier national rating.

E. The CEC and the Hotel offer an outstanding venue for conferences, and residents of the Township enjoy recreational activities on and along Ford Lake.

F. The University recently entered into new management arrangements with the owner of the Hotel, which arrangements are intended to enhance the CEC and Hotel facilities as well as the Golf Course. To further enhance these facilities and the Resort generally, the University intends to make significant renovations to the Golf Course that will create a world-class golf facility to attract even more business and visitors to the Township.

G. The University has retained a renowned golf course architect to plan and design the enhancements to the Golf Course. The architect has developed a master plan for the Golf Course, a copy of which is attached as Exhibit B (the "Golf Course Master Plan").

H. The renovations contemplated in the Golf Course Master Plan are anticipated to take place in phases over approximately five years, with each phase having to be completed during the non-peak season. Time is therefore of the essence with respect to completion of the renovations set forth in the Golf Course Master Plan.

I. The Township has an interest in having the opportunity to provide input on further renovations of the Golf Course Property in furtherance of the best interest of its residents.

J. The University and the Township have a mutual interest in developing and maintaining the Resort as a first class hotel, conference and golf resort, including by facilitating the completion of the renovations set forth in the Golf Course Master Plan.

The parties therefore agree as follows:

1. The Golf Course Master Plan has been received and reviewed by the Township and is hereby approved. The Township shall incorporate the appropriate improvements set forth in the Golf Course Master Plan into the Township's Master Land Use Plan so as to ensure that the existing Golf Course, as the same may be renovated, is consistent with the Master Land Use Plan.

2. The University agrees that the Township's Administrative Review Committee, consisting of the Township's Planning Director and Building Director, or their respective designees, shall have the right to review, comment on and approve significant renovations to the Golf Course, including the major renovations to be implemented pursuant to the Golf Course Master Plan. If the University intends to request an approval, it shall schedule a meeting with the Administrative Review Committee and shall submit applicable drawings or other materials at or prior to the meeting. The approval of the Administrative Review Committee shall be processed administratively, and shall not be unreasonably withheld, delayed or conditioned. Any denial or withholding of approval shall be based on objective criteria that indicate that the matter in question would present a violation of applicable laws or a danger to public health or safety. All approvals shall be processed by the Administrative Review Committee within ten calendar days of submission by the University so that commencement of work on the applicable renovations is not delayed.

3. If an element of a significant renovation is of a nature that is not within the purview of the Administrative Review Committee to approve, the Administrative Review Committee may request the University to submit the applicable element or renovation to the appropriate Board, Commission or Department of the Township. If the University elects to make the submission, the Township agrees to assist the University in having the submission processed and acted upon on a timely and expedited basis.

4. Matters approved by the Administrative Review Committee shall be deemed to be in full compliance with Article 13 of the Ground Lease, as well as applicable rules, regulations and ordinances of the Township.

5. The terms of the Ground Lease and the terms of this Addendum are to be construed as being consistent with one another. However, if there is a conflict between the terms of the Ground Lease and the terms of this Addendum, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties have executed this Addendum on the date and year first above written.

LANDLORD:

TOWNSHIP OF YPSILANTI, a Michigan
charter township

By: _____
Supervisor

And By: _____
Clerk

APPROVED AS TO FORM:

Township Attorney of
Ypsilanti Township

TENANT:

EASTERN MICHIGAN UNIVERSITY

By: _____
President

And By: _____
Chair, Board of Regents

STATE OF MICHIGAN)
) SS.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me this ____ day of September, 2012,
by _____ and _____, the Supervisor and Clerk,
respectively, of Ypsilanti Township on behalf of such Township.

Witness by hand and official seal.

My commission expires: _____
(Acting in Washtenaw County)

STATE OF MICHIGAN)
) SS.
COUNTY OF WASHTENAW)

The foregoing instrument was acknowledged before me this ____ day of September, 2012,
by _____ and _____, the President and Chair of the Board
of Regents, respectively, of Eastern Michigan University.

Witness by hand and official seal.

My commission expires: _____
(Acting in Washtenaw County)

Drafted By and When
Recorded Return to:

Gloria Hage
General Counsel
Eastern Michigan University
100 Welch Hall
Ypsilanti, Michigan 48197