

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 28
DATE: March 25, 2014

RECOMMENDATION

APPROVAL OF AMENDMENT TO THE MANAGEMENT AGREEMENT FOR EAGLE CREST CORPORATE EDUCATION CENTER AND BANQUET FACILITY BETWEEN EASTERN MICHIGAN UNIVERSITY AND MFS YPSILANTI HOLDINGS, LLC.

ACTION REQUESTED

It is recommended that the Board of Regents approve an amendment to Article II (Term) of the April 17, 2012 Management Agreement for Eagle Crest Corporate Education Center and Banquet Facility between Eastern Michigan University and MFS Ypsilanti Holdings, LLC.

STAFF SUMMARY

Eastern Michigan University entered into a Management Agreement on April 17, 2012 for MFS Ypsilanti Holdings, owner of the Marriott Hotel in Ypsilanti Township, to manage the daily operations at its Corporate Education Center. Pursuant to Article II, the initial term of the Agreement is for five years with a right for MFS Ypsilanti Holdings to automatically extend the Agreement if, by July 1, 2014, it closes on an extension or replacement of the mortgage on the Hotel and its mortgage lender requires, as a condition to such extension or refinancing, an extension of the Term. MFS has the right to automatically extend the agreement for a maximum period five years from the date of the closing of their refinancing. MFS could close on a refinancing as late as June 30, 2014 and would have the right to extend the management agreement to June 30, 2019, rather than its original expiration date of June 30, 2017. MFS Ypsilanti Holdings now desires to exercise that right, but requires an additional seven year term extension of the Management Agreement, rather than a five year term. The new expiration date of the Agreement will therefore be June 30, 2021. Board approval is required to amend Article II of the Management Agreement to allow MFS Ypsilanti Holdings to extend the term of the Agreement by seven years.

FISCAL IMPLICATIONS

There are no fiscal implications.

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer
Gloria A. Hage

Date