

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 28
DATE: June 22, 2023

RECOMMENDATION

LEASE OF UNIVERSITY PROPERTY – HEWITT ROAD

ACTION REQUESTED

It is recommended that the Board of Regents approve and authorize the President or his designee to finalize and sign a ground lease agreement with Versa Realty Group, LLC, or a successor organization, for the University’s 7.22 acre property at the Northwest corner of Hewitt and Clark Road (i.e., the “Hewitt Road Property”).

STAFF SUMMARY

The 7.22 acre Hewitt Road Property currently sits as undeveloped and sparsely used as overflow event parking. The University issued a Request for Proposal (RFP) for the development of the site in the fall of 2022. Versa Realty Group was determined to be the winning bidder, with a plan to construct buildings on the site to suit dining, retail and professional services. The lease agreement term is expected to be 35 years with a purchase option at the end of 10 years. The initial lease payment of \$87,000 annually was determined by an appraisal from Gerald Alcock and Associates.

As part of the lease, the University will provide certain infrastructure services to support the site, and will be compensated at fair market value for these services. The University will also specify a number of business types that will be expressly prohibited on the site.

FISCAL IMPLICATIONS

The University will receive annual lease payments of \$87,000, with a structured increase every 5 years. The University will also receive fair market value for other infrastructure services. The purchase option will be set at the current land appraisal valuation of \$1,240,000 and will utilize the same structured increase as noted for lease payments above.

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

June 22, 2023
Date

Hewitt Road Lease Overview

Location: Southwest Corner of Clark Road/Huron River Dr and Hewitt Rd

Lot size: 7.22 acres

Expected Use: Dining, retail and professional

Current Appraisal (May 2023): \$1,240,000 (sales price)



Hewitt Road Project Renderings



Aerial View towards Southeast



Aerial View towards West