

PROPOSAL: State Property Transfers Robert M. Beam Power Plant and Wood and Haenicke Halls

Background

The State of Michigan, through the State Building Authority (the "Authority"), previously issued bonds to finance two University capital projects. The projects approved through the State capital out-lay appropriation process are the Robert M. Beam Power Plant and the Wood Hall Renovation and Addition (Wood and Haenicke Halls). The Authority must take ownership of the property in order to issue the bonds to finance the projects which occurred through prior Board action (Power Plant - September 1997 and Wood and Haenicke Halls – April 1999).

At the time of property conveyance, a lease was executed for each property establishing conditions for the Authority to cancel the lease. Per the terms of the lease, the Authority agreed to convey the title of the properties back to the University after the bonds, which financed the facilities, are paid in full for consideration of \$1.00 for each property. Due to recent favorable market conditions, the Authority executed a refunding of both outstanding bond issues, which resulted in savings to pay off the bonds in full. All conditions established in the original leases have been met and enable the Authority to cancel both leases and convey the properties back to the University. Board approval is needed to formally request the conveyance of the properties from the Authority.

Recommended Action

It is recommended the Board authorize the Treasurer or Assistant Treasurer to execute the appropriate documents to execute the conveyance of the Robert M. Beam Power Plant and Wood and Haenicke Halls to the University.