PROPOSAL: Approval of Real Property Lease for Western Michigan University
Homer Stryker M.D. School of Medicine (“WMed”)

Background

As the sole Class A Member of WMed, the Board of Trustees has reserved power to approve certain actions by WMed. One of these reserved powers is to approve any lease for real property for more than 12 months by WMed.

WMed has negotiated a ten-year Lease with Crosstown Development, LLC on the terms set forth below. It is appropriate to have the Board of Trustees review the terms of this Lease and approve it as required under the Bylaws of WMed.

The terms of the Lease may be summarized as follows:

Building: 555 Crosstown Parkway, Ste. 200
Lease Term: Ten (10) years
Rent Commencement: June 1, 2022
Use: Medical Office – Clinical and Administrative.
Premises: Approximately 10,858 Usable Square Feet.
Base Rent: $12/sq.ft. - $10,858/month; $130,296/year (Base Rent to increase annually by 3%/year).
Tenant Improvement Costs: $8/sq.ft. - $7,238.67/month, $86,868/year.
Operating Expenses: $8/sq.ft. – plus prorata share (23.12%) of Operating Expenses over that amount. Includes real estate taxes, building casualty insurance, maintenance, utilities (water/sewer, gas & electric), and general in-suite janitorial services.
Tenant Responsibilities: Data/telecommunications/cable services and liability insurance.
Landlord Contribution: Lesser of $700,000 or actual cost of construction.
Parking: Included without additional charge.

WMed believes the terms of Lease are fair and reasonable, and the Lease accomplishes the goals of WMed.

Recommended Action

It is recommended the Board of Trustees, acting as the Class A Member of WMed, pursuant to the Bylaws of WMed, hereby authorize WMed to enter into the Lease on the above terms with such reasonable and necessary changes as may be approved by WMed.