



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Budget and Finance - Attachment 6

APPROVED
APRIL 12, 2024
BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Committee Name Budget and Finance

Date April 12, 2024

Agenda Item: Authorization to Proceed - Research Building in Detroit, Ground Lease, Space Lease

Information

Review

Action

Resolution:

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to proceed with the project entitled "Research Building in Detroit"; and

BE IT FURTHER RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute a ground lease with Henry Ford Health for a term that may exceed ten years, and upon such other terms and conditions as may be acceptable to the President or President's designee(s); and

BE IT FURTHER RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute a lease with a medical research organization for use of one floor in the new research building for a term that may exceed ten years, and upon such other terms and conditions as may be acceptable to the President or President's designee(s); and

BE IT FINALLY RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute any documents related to the project's inclusion in a Transformational Brownfield Plan (TBP) and compliance with the City of Detroit's Community Benefits Ordinance.

Recommendation:

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration to proceed with the following:

- the construction of a new research building in furtherance of MSU's 2030 Strategic Plan and the University's relationship with Henry Ford Health with a budget of \$335 million,

- a ground lease with Henry Ford Health System for land on which the new research building will be located and
- an occupancy lease with a medical research organization for use of one floor in the new research building.

Prior Action by BOT: The Board authorized planning for this project on February 10, 2023.

Responsible Officers: Norman Beauchamp Jr., Executive Vice President for Health Sciences
Norm Hubbard, Senior Associate Vice President for Health Sciences
Daniel Bollman, Vice President for Strategic Infrastructure Planning and Facilities

Summary:

This project includes the construction of an approximately 335,000 sq. ft. biomedical research building. This new facility will be located on a portion of an existing surface parking lot owned by Henry Ford Health southwest of the intersection of Amsterdam Street and 3rd Avenue in Detroit, Michigan. The eight-story building will provide wet bench laboratories and central support facilities including core labs, vivarium, executive suite offices, common meeting areas, write-up spaces, and loading dock and building support spaces.

The construction manager is Barton Malow. The design firm is ZGF Architects. Construction will commence in May 2024 with substantial completion expected in March 2027.

Background Information:

Among other goals, the MSU 2030 Strategic Plan calls for the University to reach \$1 billion in annual research expenditures, and to triple National Institutes of Health and the Centers for Disease Control and Prevention funding within five years. The University's strategic affiliation with Henry Ford Health is a key component to expanding research, along with expanding MSU's footprint in Detroit, and creating the cornerstone for a National Cancer Institute-designated cancer center.

- In February 2021, MSU executed the Master Affiliation Agreement with Henry Ford Health. In the agreement, the parties expressed their intention that a new research building on the Henry Ford Health System (HFHS) campus would become their Detroit-based center for research and innovation.

- This unique affiliation between a fully integrated academic health system and a major state university will open new opportunities to enhance healthcare access and outcomes for the surrounding community, particularly for the most vulnerable residents of Michigan and the Detroit area.
- Research areas of focus will include, but are not limited to, cancer, neuroscience, immunology, and infectious diseases, with a particular interest in health inequities and disparities and social determinants of health. This will be MSU's largest bio-medical research facility and is planned to accommodate 84 Principal Investigator teams and a large first floor core lab that will include an imaging suite.
- During the planning phase, an additional collaborative opportunity arose, and in August 2023, the University entered into a Memorandum of Understanding to explore the possibility of a medical research organization yet to be formed to have space in the new research building. The new medical research organization is anticipated to be named the Nick Gilbert Neurofibromatosis Research Institute (NGNRI) and will occupy one entire floor in the new building.
- This project is included as part of a larger, \$3 billion "Future of Health" project that includes a new hospital tower and a new services building to be constructed by HFHS, a parking garage to be constructed by HFHS and three mixed-use, mixed-income residential buildings to be constructed by Palace Sports & Entertainment.
- This project is included as part of the TBP that will provide incentives to MSU based upon certain construction period income tax recapture and withholding tax recapture with respect to people working in the new research building. As part of being eligible for TBP incentives, MSU will also enter into a community benefits agreement with the city of Detroit.

Source of Funds:

The project will be funded by gifts, debt financing, and tenant improvement payments by the NGNRI. Debt service will be paid by indirect cost recovery, TBP tax credits, philanthropy, lease revenues from NGRNI, and contributions from partner institutions.

AUTHORIZATION TO PROCEED

Research Building in Detroit, Ground Lease, Space Lease

Aerial View from East Campus



AUTHORIZATION TO PROCEED

Research Building in Detroit, Ground Lease, Space Lease



AUTHORIZATION TO PROCEED

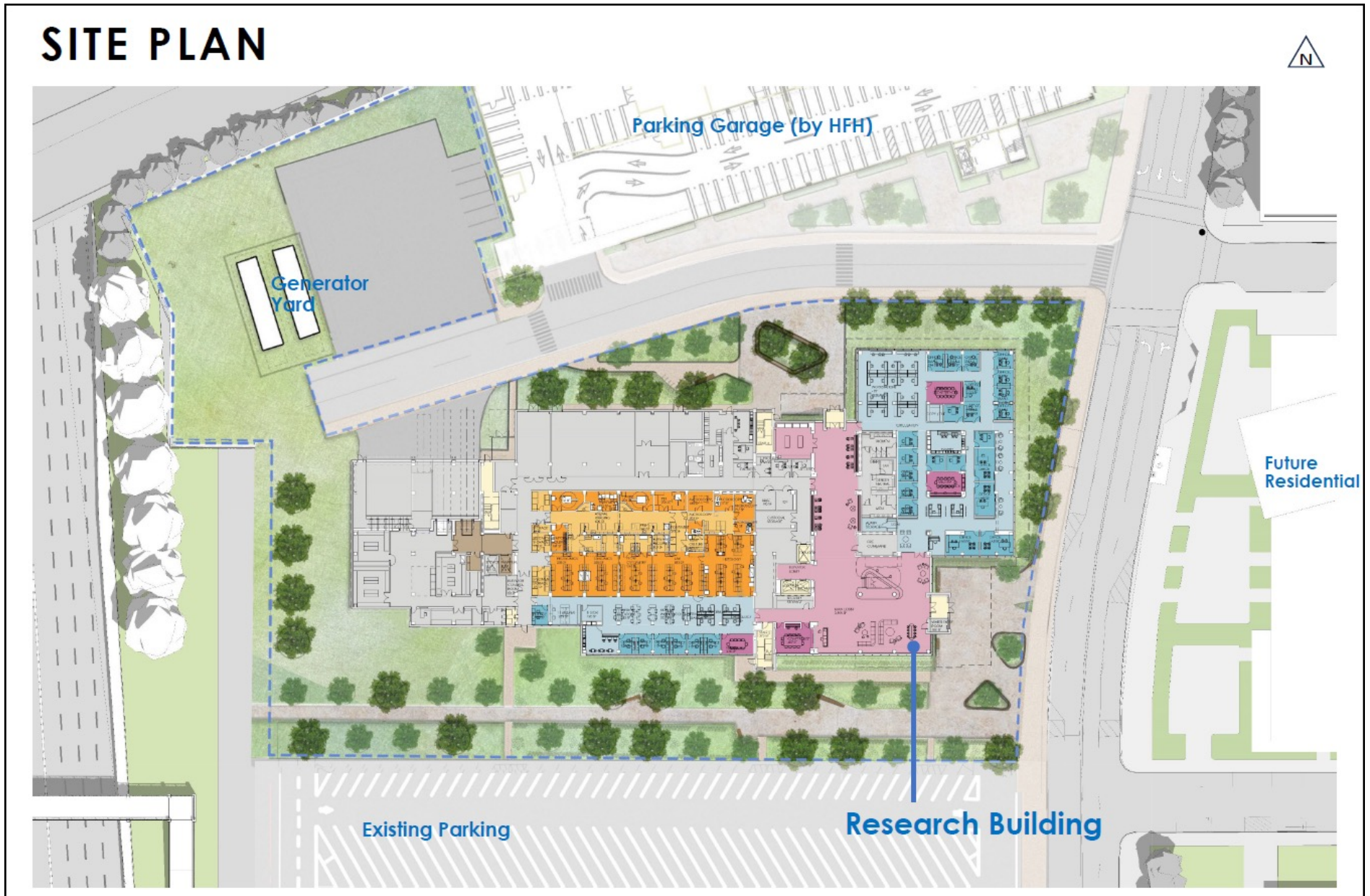
Research Building in Detroit, Ground Lease, Space Lease



AUTHORIZATION TO PROCEED

Research Building in Detroit, Ground Lease, Space Lease

SITE PLAN

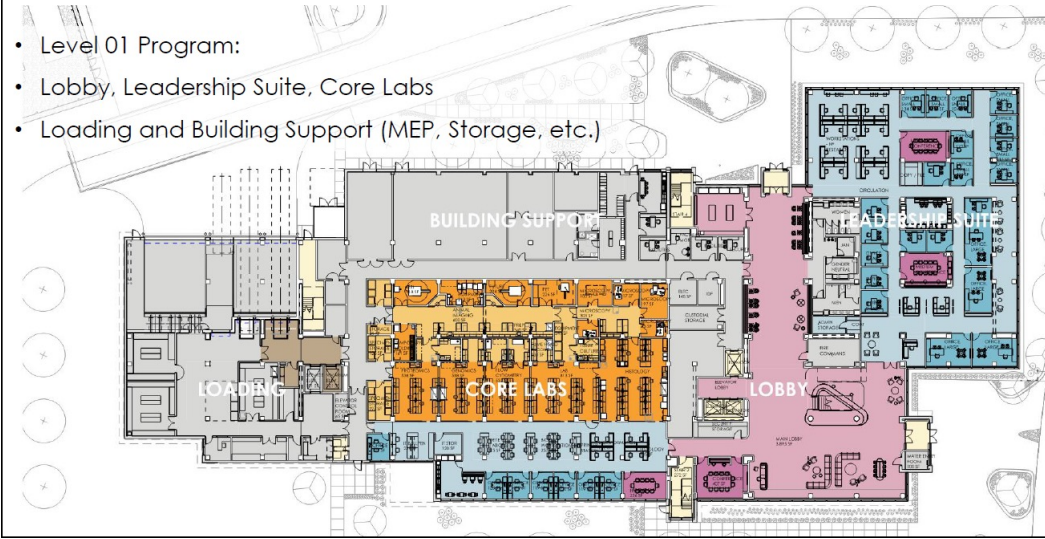


AUTHORIZATION TO PROCEED

Research Building in Detroit, Ground Lease, Space Lease

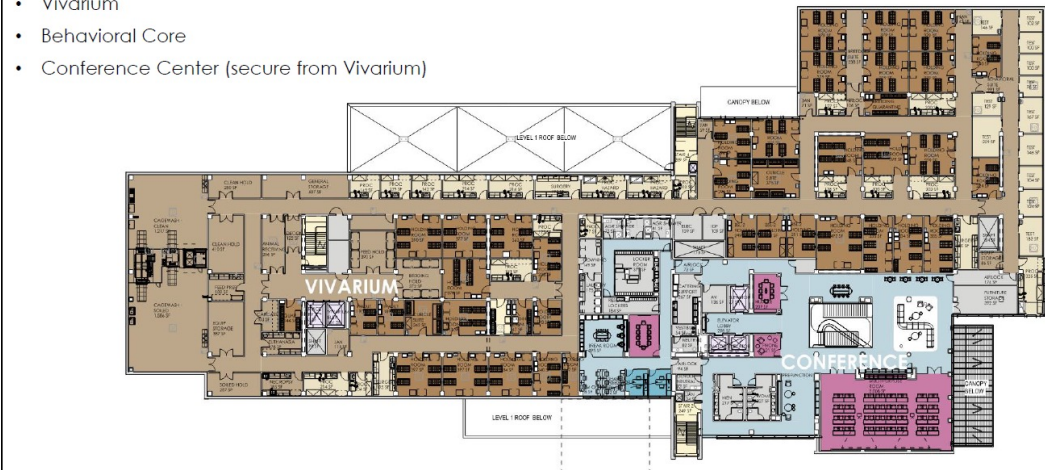
Level 01 Floor Plan

- Level 01 Program:
- Lobby, Leadership Suite, Core Labs
- Loading and Building Support (MEP, Storage, etc.)



Level 02 Floor Plan

- Level 02 Program:
- Vivarium
- Behavioral Core
- Conference Center (secure from Vivarium)

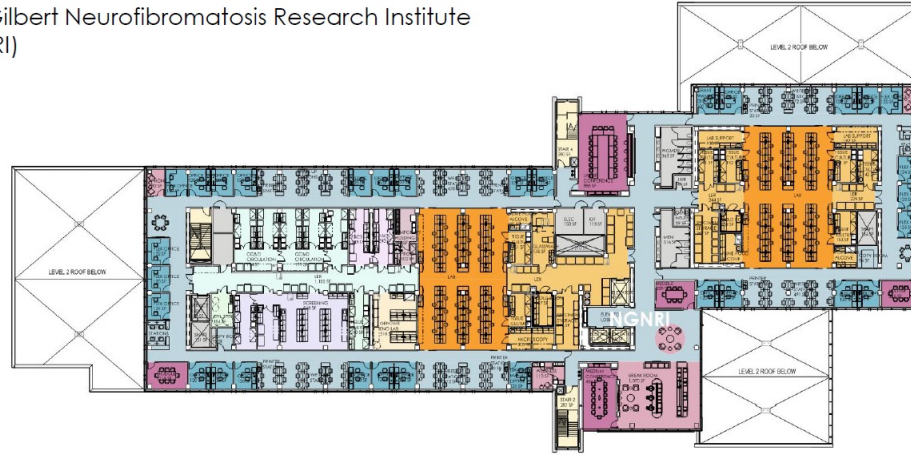


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Level 03 Floor Plan

- Level 03 Program:
- Nick Gilbert Neurofibromatosis Research Institute (NGNRI)



Level 04-07 Floor Plan

- Level 04-07 Typical Program:
- (3) Wet Lab Neighborhoods with Lab Support Spaces (Tissue Culture, Flex Rms, Cold Storage, etc.)
- Lab floors planned to support 20 PIs at 1:5.4 ratio

