

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
July 20, 2017

ACTION REQUEST

Subject: Horace H. Rackham Educational Memorial
100 Farnsworth Street, Detroit, Michigan

Action
Requested: Authorization to Purchase Real Estate

Background:

The University of Michigan (U-M) and the Rackham Engineering Foundation each own a portion of the Horace H. Rackham Educational Memorial building and the land located at 100 Farnsworth Street in Detroit, Michigan in the Cultural Center Historic District (see attached map). The university has an opportunity to purchase the portion of the Rackham Detroit Memorial building and land that is owned by the Rackham Engineering Foundation (REF).

The history of the building goes back to at least 1936 when actions were taken to acquire land and erect a building to be jointly used by the Engineering Society of Detroit (ESD) and the University of Michigan. Generous gifts, together and individually, by Horace H. and Mary A. Rackham allowed the facility to be opened in 1942. Gifts were made to U-M and the Rackham Engineering Foundation (REF). The REF was created to support the ESD. The approximately 121,000-gross-square-foot Horace H. Rackham Educational Memorial building was constructed in three sections per the gift requirements such that the west wing and central core are on property owned by U-M. REF owns the approximately 49,000-gross-square-foot east wing of the building and approximately four acres of property. In 1978, an approximately 300-space parking structure was built by REF and ESD on REF and university land and a ground lease established with U-M for the portion of the structure located on university land. For the past 23 years, the building has been leased to Wayne State University separately by U-M and REF through July of 2019.

A purchase price of \$5,088,000 has been negotiated with REF, with both REF and ESD boards having voted to support the sale with a tentative closing no later than January 20, 2018. U-M and REF have more than 120 years of history and the university will continue to collaborate with ESD to develop and support activities that advance their overlapping missions related to the engineering profession. The acquisition cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents.

We recommend that the university acquire the Rackham Engineering Foundation's portion of the Horace H. Rackham Educational Memorial building, land, and parking structure located at 100 Farnsworth Street in Detroit, Michigan, at the price of \$5,088,000, subject to the university satisfying itself of the environmental condition of the site, the condition of the facilities and infrastructure, and otherwise completing due diligence, including approval by the Probate Court, and authorize the executive vice president and chief financial officer to take all appropriate and necessary steps to complete the transaction described above.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer



INTERSTATE
94

Detroit
Institute of Arts

Wayne State
University

WARREN AVE

WOODWARD AVE

Rackham
Educational
Memorial

Detroit
Medical
Center

INTERSTATE
75

MIDTOWN
DETROIT

MACK AVE


Eastern
Market


M
10

INTERSTATE
75

Grand
Circus
Park

Greektown

 Horace H. Rackham
Educational Memorial building

Campus Planning
U-MAEC | 7.19.17 

Campus
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