



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

TRICIA L. FOSTER
DIRECTOR

May 2, 2019

The Honorable Representative Larry Inman, Chair
Joint Capital Outlay Subcommittee
Michigan House of Representatives
P.O. Box 30014
Lansing, MI 48909

The Honorable Senator Ken Horn, Chair
Joint Capital Outlay Subcommittee
Michigan Senate
P.O. Box 30036
Lansing, MI 48909-7536

RE: Approval of Lease for Private Property

Dear Representative Inman and Senator Horn:

Pursuant to 1984 Public Act 431, as amended, Section 221.2, Lease #11936-2017 (as amended) is being presented to the Joint Capital Outlay Subcommittee for approval. Key lease terms are contained on the enclosed page pursuant to *2019-2020 JCOS Rules and Policies*.

The Michigan Department of Licensing and Regulatory Affairs (LARA) has requested an additional 18,800 square feet be added to their existing leased facility to house staff who will regulate recreational marijuana. As such, this lease addendum adds 18,800 square feet to an existing leased facility. When the existing lease was approved in 2017, the rent was below \$500,000 annual base rent, therefore JCOS approval was not required. With the passage of the Michigan Regulation and Taxation of Marijuana Act last year, the regulation of recreational marijuana will be added to the current Bureau of Medical Marijuana Regulation offices, requiring this additional space. The rent will now exceed \$500,000 annually and require JCOS approval. The combined operations will accommodate the recently expanded and renamed Marijuana Regulation Agency's (MRA) combined function.

The existing lease was competitively bid in 2017 with 14 responses received. The rate is supported by comparable market data for the Lansing area. State-owned space for this function was unavailable in the Lansing area.

Your approval of this lease as soon as conveniently possible would be appreciated. Please feel free to contact Robert Burns, Real Estate Division Director at (517) 284-7930 or BurnsR@michigan.gov if you have any questions or require further information. Thank you for your attention to this matter.

Sincerely,

Tricia L. Foster, CPM, ACoM
Director, Department of Technology, Management and Budget

c: Members of the Joint Capital Outlay Subcommittee
Perry Zielak, House Fiscal Agency
Josh Sefton, Senate Fiscal Agency
Kelly Hamilton, Legislative Liaison and Policy Advisor, DTMB