

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents
May 19, 2006

Subject: University of Michigan Hospitals and Health Centers
Eye Center Expansion Project

Action

Requested: Approval of Schematic Design and Revised Scope and Budget

Background:

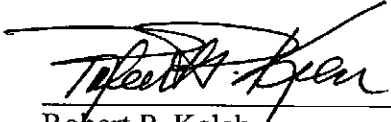
At the July 2005 meeting, the Regents approved the University of Michigan Hospitals and Health Centers Eye Center Expansion Project and the appointment of TSA of Massachusetts LLP as the architect. The program approved by the Regents included approximately 215,000 gross square feet. After completion of schematic design, the size has increased to approximately 222,000 gross square feet. The incremental space is the result of optimizing the building capacity on the site. Shelled space for future growth remains in the program as originally planned. The facility consists of a combined clinical and research building of eight floors plus penthouses for mechanical equipment.

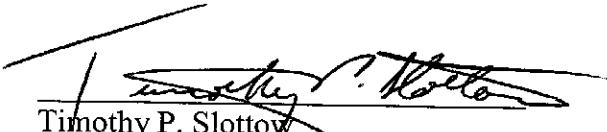
Fifty-eight existing parking spaces will be displaced by the new building. It is anticipated that parking spaces lost for construction can be accommodated through the use of surface lots in the Wall Street area, including the addition of 40 parking spaces on the site of the former Riverview Building. In addition to the replacement spaces, upon full occupancy there is anticipated incremental demand of up to 390 parking spaces for faculty, staff, and patients. A long-term parking strategy is included in the Health System's Master Facility Plan and the Parking and Transportation Strategic plan. Those plans address parking and transportation in the area, including the addition of a parking structure on Wall Street that would be completed soon after opening of the new facility.

The project was approved by the Regents at \$120,000,000. We now propose to increase the budget to \$121,000,000 to accommodate the additional square footage. Funding will be provided from Hospital and Health Centers' and Medical School resources and gifts. The construction cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents. Construction is scheduled to be completed in Winter 2010.

We recommend that the Regents approve the revised budget, scope, and schematic design for the University of Michigan Hospitals and Health Centers Eye Center Expansion project as presented at the meeting.

Respectfully submitted,


Robert P. Kelch
Executive Vice President
for Medical Affairs


Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

May 2006