

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

At the April 2002 Regents meeting, the approved budget was revised "not allowing for inflation". See meeting minutes below. Budget with inflation is \$231,000,000.

Subject: The University of Michigan Medical School
Biomedical Science Research Building

Action

Requested: Authorization to Issue Project for Bids and Award Construction Contracts

Background:

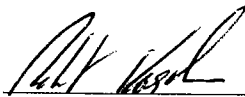
At the September 2001 meeting, the Board of Regents approved the design of the Biomedical Science Research Building (BSRB) and authorized bid and award activity for the Utility Relocation and Excavation package. This package will be issued for bids during December 2001. We propose to issue the remaining BSRB packages over the first six months of this coming year, 2002, and we seek final approval to place this work out for bid.


The facility will house Medical School laboratories on six different levels while a basement and penthouse will contain the building's mechanical and electrical equipment. A total of approximately 470,000 gross square feet is proposed to house approximately 263,000 net square feet of "wet" research laboratories and laboratory support spaces, principal investigator offices, interaction spaces, and conference/auditorium facilities. This will replace and supplement certain sections of the Kresge complex, which sections will be demolished when this building is complete.

Allowing for inflation, the recommended budget for the balance of the construction, equipment and furnishings is approximately \$220 million. Funding will be provided from the University of Michigan Health System, primarily with Medical School unrestricted revenues, reserves, 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. The project's construction activity will begin with mass excavation starting in March 2002, and will be complete to allow occupancy in the Fall of 2005.

We recommend the Regents authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,


Robert Kasdin
Executive Vice President
and Chief Financial Officer


Gilbert S. Omenn
Executive Vice President
for Medical Affairs

December 2001

APPROVED BY THE REGENTS ON

DEC 13 2001

The following is an excerpt from the April 2002 Regents Meeting correcting the budget:

Biomedical Sciences Research Building. Executive Vice President Kasdin noted some corrections to previously presented communications regarding the Biomedical Sciences Research Building (BSRB). In September 2001, the preliminary budget for the BSRB was estimated to be \$220 million, and it was noted that inflation was not being taken into account because predicting inflation over a sustained period was not practical. In December 2001, the BSRB project was submitted for final approval at the \$220 million budget, with the wording indicating that this \$220 million would be "allowing for inflation." The communication should have stated that the budget would be \$220 million *not* allowing for inflation. He apologized for the error.

Palmer Drive Parking Structure/Undergraduate Science Instruction Center. Executive Vice President Kasdin further pointed out some changes to the Plant Extension Report. The Palmer Drive Parking Structure, the budget for which is currently listed as \$24,000,000, will be increased by \$3,000,000; and the Undergraduate Science Instruction Center (foundation) will be increased by about \$1.5 million. These changes are a result of the addition of a floor to the building and the decision to build and then defer construction of the Walgreen Drama Center.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the Report of Projects Established for March 1 - March 31, 2002. He commented that research awards to date are \$225 million higher than they were the same time last year, a 53% increase.

University of Michigan Health System. Executive Vice President Omenn noted that the Medical School commencement is scheduled for June 7, 2002, that a tentative agreement had been reached on a contract with the House Officers Association; and that the Hospitals and Health System had received one of three national awards given by the organization Hospitals for a Healthy Environment.