

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Michigan Medicine  
777 East Eisenhower Parkway, Ann Arbor, Michigan

Action

Requested: Approval of Lease and Approval to Proceed with Leasehold Improvements Project

Background:

In accordance with the University of Michigan Real Estate Policy, we are required to seek approval for leases when the lease term exceeds ten years. Michigan Medicine wishes to enter into a lease for 28,192 square feet of space for a term of ten years and six months within the building at 777 East Eisenhower Parkway, Ann Arbor, Michigan. The space will be used as the consolidated location for Michigan Medicine's Quality Program for several locations on the medical campus. A leasehold improvement project will be necessary within the space to accommodate the Quality Program's needs. The scope of this project includes the architectural, electrical, and mechanical work necessary to accomplish these improvements. There will be no impact on parking from this project.

The estimated cost of the leasehold improvements is \$1,350,000. This total funding will be provided both from Health System resources and included in the rental rate. The construction 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. Construction will be managed by the lessor and is scheduled to be completed in the fall of 2017.

We recommend that the Board of Regents approve the lease and the leasehold improvements project as described.

Respectfully submitted,



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Marschall S. Runge  
Executive Vice President for Medical Affairs and  
Dean, Medical School



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Kevin P. Hegarty  
Executive Vice President and  
Chief Financial Officer

July 2017