

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: New Construction and Renovation Projects

Action

Requested: Approval to Increase Dollar Threshold Requiring Regental Approval

Background:

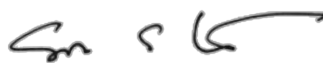
At the September 2017 meeting, the Board of Regents approved revisions to the Regental policy for new construction and renovation project approvals and reporting. The current policy states:

Construction and Renovation Project Approvals – It is the Board of Regents policy that all new construction and renovation projects which exceed \$3,000,000 shall be submitted to the Board of Regents for approval prior to entering into the project except in emergency situations. All such projects which fall between \$500,000 and \$3,000,000 shall be submitted in an Item for Information to the Board of Regents on a quarterly basis.

Due to inflation in construction costs over this period of time, we propose increasing the threshold for obtaining Board of Regents approval for new construction and renovation projects to \$5,000,000 and reporting to the Board on a monthly basis, as an informational item, on all construction and renovation projects in the range of \$500,000 up to \$5,000,000. Over the last five years, most of the projects under \$5,000,000 were routine and necessary infrastructure and maintenance projects. None of these projects represented new construction. Increasing the threshold to \$5,000,000 will improve efficiencies. A \$5,000,000 threshold better aligns with the approval thresholds for many of our public and private peer institutions.

We recommend that the Board of Regents approve modifying the Regental policy for new construction and renovation project approvals and reporting as described.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

May 2024