

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents
January 18, 2007

Subject: University of Michigan Hospitals and Health Centers
Burlington Office Building
Pain Clinic Relocation Leasehold Improvements

Action

Requested: Approval of Lease Amendment and Approval to Proceed with Project

Background:

In accordance with the University Real Estate Policy presented to the Regents in April 2005, we are required to seek approval for leases or lease amendments when the total amount of leased space in a building or related complex of buildings will exceed 50,000 square feet. The University currently leases 46,411 square feet in the Burlington Office Building, located at 325 East Eisenhower Parkway, Ann Arbor, Michigan. A new lease amendment to accommodate the relocation of the Anesthesiology Pain Clinic will increase the total square footage to 58,984.

The Department of Anesthesiology and the Department of Physical Medicine and Rehabilitation's (PM&R) Spine Program each have pain management fellowship programs. The American College of Graduate Medical Education recently mandated that each institution have only one approved pain fellowship program. To meet this requirement, the pain fellowship programs will be merged. The Anesthesiology Pain Clinic, currently located in the Med Inn, will be moved to the Burlington Office Center and co-located with the Spine Program's clinical facility. In addition to the many synergies in the respective clinical and educational programs, this location will allow the sharing of support services. To accommodate the co-location of both pain programs, the PM&R Department will move its Psychology offices from the first floor to the third floor of the Burlington facility. A lease amendment for 12,573 additional square feet, and leasehold improvements to approximately 14,700 gross square feet of space are planned to accommodate these moves. The scope of this project includes the architectural, mechanical and electrical work necessary to accomplish these improvements. There will be no impact on parking from this project.

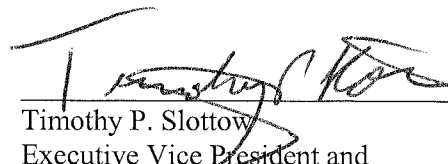
The estimated cost of the project is \$2,250,000. Funding will be provided from Hospitals and Health Centers' resources. The construction cash flow may be provided, all or in part, by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents. Construction will be managed by the lessor and is scheduled to be completed in Winter 2008.

We recommend that the Regents approve the University of Michigan Hospitals and Health Centers Burlington Office Building Pain Clinic Relocation Leasehold Improvements project as described.

Respectfully submitted,



Robert P. Kelch
Executive Vice President
for Medical Affairs



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

January 2007