

February 17, 2006

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATIONACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers (UMHHC)
C.S. Mott Children's & Women's Hospitals Replacement Project

Action Requested: Approval of Schematic Design and Revised Scope and Budget

Background:

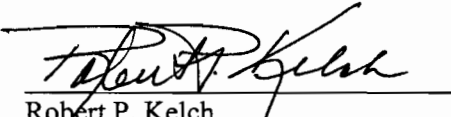
At the April 2005 meeting, the Regents approved the C.S. Mott Children's & Women's Hospitals Replacement project and the appointment of HKS Architects, P.C. as the architect. The program approved by the Regents included approximately 1,000,000 gross square feet. After completion of schematic design, the size has increased to approximately 1,100,000 gross square feet. The incremental space is the result of designing to create the optimal operational layout given the constraints of the site. Shelled space for future growth remains in the program as originally planned. The facility consists of a clinic building of 9 floors and an inpatient building of 12 floors plus penthouses for mechanical equipment.

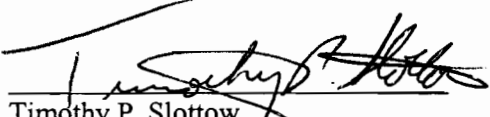
The site location is currently a surface parking lot and 313 parking spaces will be lost due to the project. The opening of the Ann Street parking structure in the summer of 2006 will add 535 faculty and staff parking spaces. The opening of the Cardiovascular Center (CVC) parking structure in early 2007 will add an additional 465 parking spaces with approximately one half of those spaces allocated to patient parking associated with growth due to the CVC. Before the replacement C.S. Mott Children's and Women's Hospitals are open, we will advance alternative transportation options and incentives to reduce the demand for faculty and staff parking at the Medical Center. The measured success of this program will be presented annually to the Regents in the University's parking and transportation strategic plan. Included in the current parking and transportation strategic plan is the construction of one additional parking structure on Wall Street and the potential to add one more.

The project was approved by the Regents at \$498,000,000. There is interest in building the project to achieve Leadership in Energy and Environmental Design (LEED) certification. To accomplish LEED certification, account for unanticipated increases in material costs, and cover the incremental square footage, we propose increasing the budget to \$523,000,000. Funding will be provided from Hospitals and Health Centers' 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 Spring 2011.

We recommend that the Regents approve the revised budget, scope, and schematic design for the University of Michigan Hospitals and Health Centers C.S. Mott Children's & Women's Hospitals Replacement 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

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