

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

October 23, 2008

Subject: University of Michigan Hospitals and Health Centers
C. S. Mott Children's and Women's Hospitals Replacement Project
Shell Space Completion Project

Action
Requested: Approval to Proceed with Project

Background:

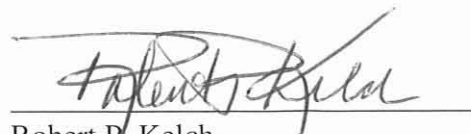
The C. S. Mott Children's and Women's Hospitals Replacement Project (C&W) was approved for bid and award by the Regents at the November 2006 meeting, and included shelled space to provide for future expansion opportunities. The C&W project will consist of 1,100,000 gross square feet with a clinic building of nine floors and an inpatient building of twelve floors, plus penthouses for mechanical equipment. The project is currently under construction and proceeding on schedule for completion in Spring 2011.

Since the project was approved, demand for patient care services has increased beyond expectations. We now propose to complete the majority of the shelled space, leaving a limited amount of shelled space for future program needs. The proposed project includes the completion of 84 patient rooms, two magnetic resonance imaging (MRI) units, one operating room (OR), and an inter-operative MRI/OR suite. In addition, clinic and office space that had been planned as shelled space will be finished.

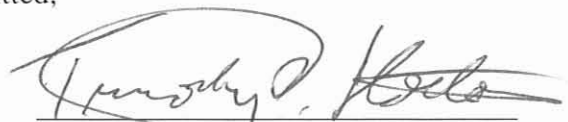
The estimated cost of the project is \$231,000,000, including \$96,000,000 for construction and \$135,000,000 for equipment, and the project will be managed and tracked as part of the overall C&W project. Funding will be provided from Hospitals and Health Centers' resources. The construction cash flow 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. This project will require a one-year extension of the C&W construction schedule, with a revised substantial completion date of Spring 2012 and availability for patient occupancy in Fall 2012.

We recommend that the Regents approve the University of Michigan Hospitals and Health Centers C. S. Mott Children's and Women's Hospitals Replacement Shell Space Completion project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Robert P. Kelch
Executive Vice President
for Medical Affairs



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

October 2008