Subject: University of Michigan Hospitals and Health Centers
2900 Huron Parkway, Ann Arbor, Michigan
Leasehold Improvements for the Department of Pathology

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 35,163 square feet in the Traverwood II complex, located at 2900 Huron Parkway, Ann Arbor, Michigan. A new lease amendment to accommodate additional space for the Health System's Department of Pathology will increase the total square footage to 50,076.

The University of Michigan Health System's Department of Pathology currently leases 7,512 square feet of space in the Traverwood II complex at 2900 Huron Parkway, Ann Arbor, Michigan, housing offices and wet laboratories. An amendment to the current lease agreement will increase the Department of Pathology's space at Traverwood II to 22,425 square feet. This project will renovate a majority of the space to create additional offices and wet laboratory spaces for the department. 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 $1,927,000. Funding will be provided from Hospitals and Health Centers' and Medical School 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 Spring 2008.

We recommend that the Regents approve the lease amendment and the University of Michigan Hospitals and Health Centers 2900 Huron Parkway, Ann Arbor, Michigan Leasehold Improvements for the Department of Pathology project as described.

Respectfully submitted,

Robert P. Kelch
Executive Vice President
for Medical Affairs

Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

December 2007