Subject: University of Michigan Health  
7300 West Joy Road, Dexter, Michigan  
Specialty Pharmacy Expansion

Action Requested: Approval to Proceed with Project

Background:

In a related but separate Action Request, we are recommending approval to purchase an existing facility located at 7300 West Joy Road, Dexter, Michigan. This Action Request proposes to renovate approximately 48,000 gross square feet at that location to house an expansion of our specialty and mail order pharmacy program, address deferred maintenance and update life safety and building code items throughout the entire 144,300 gross square feet of building space, situated on 23.57 acres of land. This investment is required for the growth of Specialty Pharmacy services to more than double the number of prescriptions we fill per year through our in-house pharmacy and better meet the needs of our patients. Specialty Pharmacy’s expansion is based on providing high quality, convenient care for all patients and achieving progress through multi-disciplinary collaborations. We are committed to accelerating change and promoting a positive patient experience in a competitive market, driving innovative health care delivery models. Specialty Pharmacy’s expansion will contribute to financial sustainability across Michigan Medicine, in support of the tripartite mission. The scope of this project includes the architectural, electrical, and mechanical work necessary to accomplish these improvements.

The estimated cost of the project is $52,000,000. Funding will be provided from University of Michigan Health resources. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. The project is expected to provide an average of 103 on-site construction jobs. Construction is scheduled to be completed in the summer of 2023.

We recommend that the Board of Regents approve the Specialty Pharmacy Expansion project as described and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,

Marschall S. Runge, M.D., Ph.D.  
Executive Vice President for Medical Affairs  
Dean, Medical School

Geoffrey S. Chatas  
Executive Vice President and Chief Financial Officer

March 2022