

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: New Construction and Renovation Projects

Action

Requested: Approval to Increase Dollar Threshold Requiring Regental Approval

Background:

At the April 2007 meeting, the Board of Regents approved revisions to the Regental policy for new construction and renovation project approvals and reporting. The current policy states:

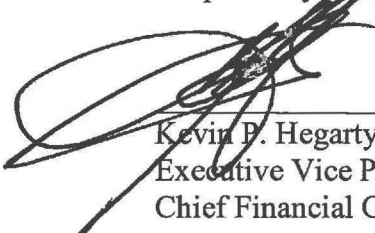
Construction and Renovation Project Approvals – It is the Board of Regents policy that all new construction and renovation projects which exceed \$1,000,000 shall be submitted to the Board of Regents for approval prior to entering into the project except in emergency situations. All such projects which fall between \$500,000 and \$1,000,000 shall be submitted in an Item for Information to the Board of Regents on a quarterly basis.

We propose modifying this policy to increase the threshold for obtaining Board of Regents approval for new construction and renovation projects to \$3,000,000, and reporting as an item for information on a quarterly basis all construction and renovation projects in the range of \$500,000 up to \$3,000,000.

Most of the approximately 170 approved capital projects in the \$1,000,000 to \$3,000,000 range during the last ten fiscal years were capital infrastructure maintenance items such as replacing elevators, upgrading mechanical and electrical systems, replacing roofing material or small renovation projects driven by programmatic needs. A \$3,000,000 threshold is aligned with many of our public and private peer institutions.

We recommend that the Board of Regents approve modifying the Regental policy for new construction and renovation project approvals and reporting as described.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

September 2017