

Contact: Joan Racki

REGISTER OF UNIVERSITY OF IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Consider approval of:

1. The following actions for the **Family Medicine Center – Hawkeye Campus and the Community-Based Primary Care Clinic and Master Site Planning – North Liberty** projects:
 - a. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria (see Attachment A for the Family Medicine Center project and Attachment B for the Community-Based Primary Care Clinic project);
 - b. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration; and
 - c. Authorize permission to proceed with project planning, including the master planning selection process for the North Liberty project and the design professional selection process for both projects.

2. The following actions for the **University of Iowa Children's Hospital** project, a major capital project as defined by Board policy:
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment C);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration;
 - c. Approve the schematic design, project description and budget (\$270,750,417) with the understanding that approval will constitute final Board approval and authorization to proceed with construction; and
 - d. Approve a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$190,000,000 Hospital Revenue Bonds.

3. The project description and budget for the **Hardin Library for the Health Sciences – Upgrade HVAC and Lighting** (\$2,515,000) project.

(ROLL CALL VOTE)

Executive Summary: The **Family Medicine Center – Hawkeye Campus** project provides for development of a Family Medicine Center on the University of Iowa's Hawkeye Campus as a major component of the University's Hawkeye Campus Master Plan. (A map showing the proposed location of the Center is included as Attachment C.) The Center would replace the current Family Medicine component of UIHC's Family Care Center, now located on the lower

level of the Pomerantz Family Pavilion, and provide the Department of Family Medicine with replacement facilities for its clinical services, departmental offices, educational and clinical research areas.

It is envisioned that the Center would become the flagship for a network of family medicine physicians, providing a state-of-the-art clinical environment to enhance the delivery of comprehensive primary care services. Entities to be located in the facility would also provide continuing education support and fellowship training in the areas of Geriatrics, Sports Medicine, Medical Education, Research and Palliative Care. Preliminary estimates suggest a facility of approximately 45,000 gross square feet with an anticipated cost of approximately \$14.6 million, exclusive of furniture and equipment. The project would be funded by University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients.

At its December 2010 meeting, the Board approved the purchase of approximately 40 acres of property located on the southwest corner of the intersection of Forevergreen Road and Highway 965, in North Liberty. UIHC now requests approval to proceed with project planning for the **Community-Based Primary Care Clinic and Master Planning – North Liberty** project, including preparation of a master plan for the phased development of this site and construction of a replacement primary care outpatient facility as the property's first development. (A map showing the location of the 40 acres and the proposed location of the clinic is included as Attachment E.) Primary care services currently provided at 3 Lions Drive in North Liberty would relocate to this facility. This new clinic will provide for a team-based, integrated operating model for patient care, create a model environment for ambulatory care training and generate growth to support UIHC's education/training mission by offering a comprehensive array of primary care services for North Liberty and the surrounding communities.

Preliminary estimates suggest the facilities needed to accommodate these primary care services will require approximately 20,000 gross square feet of space. While costs will be further refined as planning proceeds, the estimated project cost for constructing the new facility is \$6.0 million, exclusive of furniture and equipment. The project will be funded through University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients.

Presented for Board action are the schematic design, project description and budget (\$270,750,417) and a revised preliminary bond resolution for the **University of Iowa Children's Hospital** project. The schematic design booklet is included with the Board's agenda materials. The Children's Hospital would be located to the north of the Pomerantz Family Pavilion, to the south of Hospital Parking Ramp #2, and to the west and connecting to the John Pappajohn Pavilion.

At the conclusion of the project, there will be a net increase of 31 pediatric beds, from the existing 164 beds to a total of 195 beds. Other features planned for the Children's Hospital are an eight-room operating suite, expanded pediatric specialty clinics, dentistry and dialysis facilities, patient and family dining, a patient theater and other amenities and staff support facilities. The new building addition will also include pediatric imaging, cardiac catheterization and other procedure rooms, a pediatric translational and outcomes research center, a tele-health community outreach center and conference rooms. Renovation of space in the adjoining

Pappajohn Pavilion would provide additional pediatric specialty clinic and infusion therapy facilities, as well as replacement of pediatric outpatient rehabilitation and treatment facilities in the UIHC's Center for Disabilities and Development.

At its September 2010 meeting, the Board approved a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$112 million Hospital Revenue Bonds. Unfortunately, UIHC was not the successful recipient of the single \$100 million grant for which it applied under the Infrastructure to Expand Access to Care Program. Therefore, to meet the total funding requirements for the Children's Hospital, it is necessary to increase the authorization for the dollar amount of Hospital Revenue Bonds that may be sold for the project.

Since submission of the University's agenda materials for the February Board meeting, UIHC received word that the Federal Aviation Administration authorized construction of the new Children's Hospital at a height that would be 34 feet taller than the planned eight-story above grade portion of the building. The additional height would make it possible to add an additional story to the Children's Hospital. Possibilities for developing this additional floor are under study. One option would involve constructing an additional floor of shell space on the top of the currently planned structure to provide space that could be used for future expansion of Children's Hospital facilities. In accord with longstanding practice, the UIHC will fully document the change and rationale for consideration and approval by the Board.

The **Hardin Library for the Health Sciences – Upgrade HVAC and Lighting** project would reduce energy consumption, and improve the building's ventilation and lighting in this facility which serves the combined information and research needs of the University's Colleges of Dentistry, Medicine, Nursing, Pharmacy, Public Health, the University of Iowa Hospitals and Clinics, and the Department of Communication Sciences and Disorders. (A map showing the location of Hardin Library has been included as Attachment F.) The project budget of \$2,515,000 would be funded by a Department of Energy Grant, and General Education Building Renewal and Equipment funds.

Details of the Projects:

Family Medicine Center – Hawkeye Campus

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Feb. 2011	Requested
Initial Review and Consideration of Capital			Receive
Project Evaluation Criteria		Feb. 2011	Report

The Center would serve as the prototype for the medical home model and be linked to UIHC specialty services to support community-based and home-based care alternatives. It would

also facilitate development of practice-based research and help build relationships with physicians in Iowa communities, enable the continued development of expertise in prospective interventional trials in comparative effectiveness and translational research, and serve to advance medical educational research, especially related to the patient-centered medical home model.

Implementation of a community-based, patient centered primary care, teaching and research model will necessitate a larger facility in a community setting which this project would provide by developing the Family Medicine Center on the Hawkeye Campus. When completed, the Department of Family Medicine's principal patient care, education and clinical research, and its departmental offices that are now located in the Pomerantz Family Pavilion would move to this new facility. Following Family Medicine's relocation, the space on the lower level of the Pomerantz Family Pavilion that now accommodates the Family Medicine clinic, departmental offices, teaching and clinical research facilities would be reassigned to meet other clinical service needs for which an on-campus location is required.

Community-Based Primary Care Clinic and Master Site Planning – North Liberty

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Feb. 2011	Requested
Initial Review and Consideration of Capital			Receive
Project Evaluation Criteria		Feb. 2011	Report

UIHC requests approval to seek master planning assistance, with a firm with a successful history in site master planning, and architectural assistance. It envisions the planning associated with this project as:

Master Planning – Development of a land-use master plan for the 40-acre site. This planning would result in the identification of optimal land uses for specific areas, including roadways, utilities, landscape buffers, ponds and the various land-use zones. Future development and subdivision of the land will be based on this master plan.

Project Planning – Development of the final program and design work for the community-based primary care clinic as the first phase in the overall master plan development. The first phase, to be led by an architectural firm, would be coordinated with the site master plan.

The new clinic facility will have as its foundation, the following clinical and supporting services:

- Family Medicine
- General Pediatric Services
- Women's Services
- Basic Screening and Diagnostic Services

University of Iowa Children’s Hospital

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed – UIHC Strategic Facilities Master Plan		Mar. 2008	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Mar. 2008	Receive Report
Selection of Design Professional (Heery International; Iowa City, IA)		May 2008	Not Required*
Selection of Construction Manager (Gilbane Building Company)		Aug. 2008	Not Required*
Design Professional Agreement (Master Planning, Programming and Schematic Design)	\$ 5,128,000	Oct. 2008	Not Required*
Construction Manager Agreement (Pre-Construction Services through Schematic Design)	\$ 60,000	Aug. 2009	Not Required*
Program Statement – Children’s Hospital		Dec. 2010	Not Required*
Schematic Design – Children’s Hospital		Feb. 2011	Requested
Project Description and Budget - CH	\$270,750,417	Feb. 2011	Requested
Final Review and Consideration of Capital Project Evaluation Criteria		Feb. 2011	Receive Report

*Approved by Executive Director, consistent with Board policies

UIHC has indicated that providing innovative pediatric patient care in a family-centered environment, expanding clinical services for children to meet present and projected patient needs, fostering outstanding research and conducting educational programs that meet the full range of needs for pediatric health care professionals throughout the state can best be accomplished by developing a physically distinct children’s hospital. Nationally, children’s hospitals in separate facilities devoted to the care of children are the standard of care at leading academic medical centers. In fact, while UIHC’s current “children’s hospital within a hospital” is viewed as among the best in the country and has been ranked as number 20 among all 170 children’s hospitals, those with higher rankings than UIHC’s are all in distinct separate facilities.

A distinct children’s hospital at the University of Iowa will yield many benefits, including being a significant aid for recruiting the best qualified pediatric-trained physicians, house staff, nurses and researchers. In turn, the best staff will assure that the Children’s Hospital serves as a magnet for providing cutting edge clinical care, education, and research. The new hospital

would also resolve current spatial and functional deficiencies and provide facilities that would meet the growth expectations for children's services for many decades to come.

Children's hospitals also have utilization patterns, payment structures, physician relationships, and growth opportunities that are different from hospitals designed primarily for adults. Ideally, hospital services for children should be planned and designed with the needs of children and their families as the primary consideration so that the facilities, wayfinding, furniture, artwork, distractions, equipment, supplies, personnel, and communications are age appropriate and sensitive to these individuals.

UIHC total pediatric inpatient admissions have grown by nearly 20% over the past five years. Most pediatric specialty services are projected to show an average annual rate of growth of 2% to 4% over the next three years; after of the Children's Hospital the pediatric specialties are expected to experience annual growth in patient admissions of approximately 6%.

Pediatric ambulatory clinic visits are projected to grow at an annual rate of approximately 3%, over the next three years, and at an annual rate of 4% to 5% after the new facilities are available. Facility expansions have provided, and will continue to provide short-term relief, but lack of available, proximate space is currently a limiting factor in meeting patient's needs and expectations. UIHC indicates that current space will not accommodate the projected needs over the next five years.

In addition, pediatric care at UIHC is delivered without dedicated pediatric operating rooms or ancillary services creating inefficiencies in delivery and dissatisfaction of patients, families and staff. Sharing operating rooms and ancillary facilities with the adult population creates challenges in waiting areas, pre- and post-procedure recovery facilities, and in ensuring right-sized equipment and staff with appropriate competencies are available. Pediatric diagnostic and therapy services take much longer and are more prone to error without appropriate staff expertise working with this patient population. The remedy for overcoming these limitations is to create a facility which is dedicated to caring for only pediatric patients by pediatric experts in their respective fields.

The University of Iowa Children's Hospital project will provide for a new 11-story building addition including both above and below grade floors. The project would include 250,711 net assignable square feet and 427,850 gross square feet. Functions to be housed on each floor include:

- Level One: Patient and family services, along with access to family amenities;
- Level Two (including renovated portion of 2nd floor of Pappajohn Pavilion): Pediatric Specialty Clinics;
- Level Three: Surgery Suite, including services for both outpatient and inpatient procedures;
- Level Four with connection to existing level 5 of Pappajohn Pavilion: 32-bed Pediatric Intensive Care Unit;
- Level Five: 28 Neonatal Intensive Care Unit beds connected to current Neonatal ICU and Labor/Delivery Suite on level 6 of Pappajohn Pavilion;
- Levels Six – Eight: 28 single-patient rooms on each floor, providing patient/family centered care including accommodations for overnight stays by family members;
- Lower Level One: Public (Conference Center/Theater and Tele-Health Community Outreach Center) and service – back of the house functions;
- Lower Level One Renovation of Pappajohn Pavilion: Center for Disabilities and Development;
- Lower Level Two: Imaging Center and specialized diagnostic procedure rooms, support space for Pediatric Translational and Outcomes Research Center; and
- Lower Level Three: Mechanical.

The Children's Hospital will accommodate 140 replacement and new acute and intensive care pediatric beds. Another 55 pediatric beds will continue to function in UIHC's existing Neonatal Intensive Care Unit, which will be physically linked to 28 additional NICU beds in the new Children's Hospital.

The new facility will be a LEED-facility, constructed of materials that not only meet energy efficiency goals, but also are appropriate to, and harmonious with, the architectural language of the west campus. The exterior materials anticipated include an aluminum and glass curtain wall system, employing energy-efficient "low-e" glazing and sun shading devices, where appropriate. Additional materials to be considered will include a mixture of manufactured and natural materials appropriate to this facility and to adjacent structures. Special attention will be given to pedestrian areas, lighting, and safety features.

Construction of enabling projects is scheduled to begin in the fourth quarter of FY 2011 with work on utilities. Construction of the Children's Hospital building is scheduled for completion in the fourth quarter of FY 2015 and renovation of Pappajohn Pavilion is scheduled to be completed in the second quarter of FY 2017.

Project Budget

Construction	\$181,945,533
Professional Fees	23,334,975
Planning and Supervision	8,056,345
Project Contingencies	18,889,564
Equipment	<u>38,524,000</u>
TOTAL	\$270,750,417

Source of Funds: UIHC Building Usage Funds, Hospital Revenue
Bonds, Designated Hospital Gift Funds

Hardin Library for the Health Sciences – Upgrade HVAC and Lighting

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Oct. 2010	Approved
Selection of Engineer (Sebesta Blomberg & Associates; Cedar Rapids, IA		Nov. 2010	Not Required*
Feasibility Study (Sebesta Blomberg & Associates)	\$ 34,700	Sept. 2010	Not Required*
Project Description and Budget	\$2,515,000	Feb. 2011	Requested

*Approved by University, consistent with Board policies

The project work would include the following upgrades: 1) installation of externally insulated ductwork, 2) installation of Variable Air Volume controllers to refine air flow control, 3) replacement of existing lighting systems throughout the building with a more efficient fixture and standardized lamp, and 4) installation of occupancy sensors throughout the building to control air flow and lighting levels when space is unoccupied.

Project Budget

Construction	\$1,919,372
Planning and Design	404,191
Contingency	<u>191,437</u>
TOTAL	\$2,515,000

Sources of Funds:
Dept of Energy Grant, General Education Fund Building Renewal
and Equipment

Family Medicine Center – Hawkeye Campus
Evaluation Criteria

Institutional Mission / Strategic Plan: This project is supportive of each of the six major goals that have been established in UI Health Care's Strategic Plan for FY 2010 – 2012 by providing the facilities that are required to assist UI Health Care's efforts 1) to provide world class healthcare services to optimize health for everyone, 2) to advance world class discovery through excellence and innovation in health services research, 3) to develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) to foster a culture of excellence that values, engages and enables our workforce, 5) to create an environment of inclusion where individual differences are respected and all feel welcome, and 6) to optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: Initially, several options for leasing existing buildings were explored as possible sites for a community based Family Medicine Center. None of these, though, offered sufficient space in an easily accessed location that could meet all of Family Medicine's needs. For this reason, it was determined that the best option would be development of the Family Medicine Center on the University's Hawkeye campus. This campus offers a very visible site that can be easily accessed. The facility can be developed so that it promotes use of a highly efficient, cost-effective and patient friendly model for delivering outpatient primary care, teaching and health care delivery research. A location on this campus which is dedicated to fitness and wellness is in synchrony with the concepts of the Family Medicine Center.

Impact on Other Facilities and Square Footage: On completion of this project approximately 30,000 gross square feet of space in the lower level of Pomerantz Family Pavilion will be reassigned for use in meeting other UIHC space needs.

Financial Resources for Construction Project: The project will be funded through University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients. No state capital appropriated dollars will be involved. The preliminary estimate of the internal rate of return over the life of the Family Medicine Clinic component of the project is 3.1%. This represents 55% of the total estimated project cost, with the remaining 45% composed of Family Medicine departmental offices, educational and research spaces.

Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs of the new facilities will be University Hospital operating revenues derived from providing patient care services and indirect cost allocations from federal grants related to facilities expenses.

External Forces Justifying Approval: Development of the new Family Medicine Center is an important element for enabling UIHC to be responsive to societal forces, standards and regulations impacting the provision of contemporary patient care services while meeting all components of its mission. This new clinic will provide the necessary facilities to accommodate the population growth projected to occur in Johnson County during the next five years and beyond and the facility's design will be focused on providing a more comfortable and patient-friendly environment that meets Health Insurance Portability and Accountability Act (HIPAA) requirements for patient privacy and confidentiality. The new facilities will make it possible for

the UIHC to meet education and training program requirements for providing all trainees with more extensive clinical experiences. Additional space will also permit more research subjects to participate in clinical trials in proximity to their patient care, thereby enhancing opportunities to gain support for other funded clinical research studies. With the evolution of the medical home concept, primary care services will play an even more integral role in the care of communities and the growth of a primary care workforce. This center will allow the development of team-based services that will facilitate wellness and health with patient-and-family-centered care.

Community-Based Primary Care Clinic and Master Site Planning – North Liberty
Evaluation Criteria

Institutional Mission / Strategic Plan: This project is supportive of each of the six major goals that have been established in UI Health Care's Strategic Plan for FY 2010 – 2012 by providing the facilities that are required to assist UI Health Care's efforts 1) to provide world class healthcare services to optimize health for everyone, 2) to advance world class discovery through excellence and innovation in health services research, 3) to develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) to foster a culture of excellence that values, engages and enables our workforce, 5) to create an environment of inclusion where individual differences are respected and all feel welcome, and 6) to optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: After determining that the current leased site in North Liberty could not be expanded due to the lack of available land and after exploring several options for buildings to lease, it was determined that the best option would be to purchase the Forevergreen Road property and develop the community-based primary care clinic. The Board approved that action at its December meeting. In particular, this site offers an unparalleled opportunity to establish a very visible and easily accessed location within which to provide a highly efficient, cost-effective and patient friendly model for delivering outpatient primary care and for the future development of other compatible services.

Impact on Other Facilities and Square Footage: On completion of this project, approximately 9,500 gross square feet of leased primary care clinic space located in the UICMS clinic on Lions Drive in North Liberty will be utilized to meet the needs of services that will continue to operate at this facility, such as UI HealthWorks and to accommodate other specialty clinical services such as dialysis and related programs. The current lease agreement for this space will be amended as required to permit use of the Lions Drive facility by these clinical services.

Financial Resources for Construction Project: The project will be funded through University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients. No state capital appropriated dollars will be involved. The preliminary estimate for the internal rate of return over the life of this project including the cost of land that will be used for the clinic is 10.4%.

Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs of the new facilities will be University Hospital operating revenues derived from providing patient care services.

External Forces Justifying Approval: The development of the community-based primary care clinic is an important element in enabling the UIHC to be responsive to societal forces, standards and regulations impacting the provision of contemporary patient care services while meeting all components of its tri-partite mission. As previously noted, the population of North Liberty and its surrounding area is expected to continue to grow and this facility will be designed to accommodate an expected increase in both patient volume and in the scope of health and wellness services that may be offered. Patient care will be enhanced through expanded clinic examination and support facilities and the design of these facilities will be focused on providing a more comfortable and

patient-friendly environment. The design will meet Health Insurance Portability and Accountability Act (HIPAA) requirements for patient privacy and confidentiality. With the evolution of the medical home concept, primary care services will play an even more integral role in the care of community populations. This facility will allow the development of team-based services that will facilitate wellness and health with patient- and family-centered care.

University of Iowa Children's Hospital
Evaluation Criteria

Institutional Mission / Strategic Plan: Completion of this project will be of significant benefit to UIHC in meeting all aspects of its mission. It will greatly enhance UIHC's capabilities for fulfilling its patient care mission by providing the necessary space to accommodate the projected growth in patient volume in pediatric inpatient and outpatient clinical and support services, the needs for which are described in the Permission to Proceed with Project Planning, which was approved by the Board of Regents, State of Iowa, at their March 11, 2008 meeting. UIHC's educational and research missions will also be enhanced through development of the necessary space to enable students, residents and fellows to gain necessary clinical experience in accord with accrediting body standards; and by providing the type of facilities required to conduct innovative research directed toward more clinically efficacious diagnosis and treatment of disease. The project supports several of the UIHC's Strategic Plan goals, most notably identification of Children's Services as one of UIHC's clinical programs that will be a leader in the state and national market by offering cutting edge clinical services, robust clinical research and strong training opportunities; by providing facilities that promote a multidisciplinary model of evidence-based medical and nursing care, enhance patient/family-centered experiences, and serve to facilitate and strengthen referring physician relationships; by providing design features required to streamline patient throughput and to improve the patient's health care experience and outcomes; and, by providing a continuously improving, safe environment for all patients and staff at all times.

Other Alternatives Explored: As related in the Permission to Proceed with Project Planning, UIHC's Strategic Facilities Master Plan was initiated in 2005 in response to a host of needs and other factors that indicated a significant facilities response would be required in the years ahead. Given findings from the assessment of the condition of UIHC's facilities and a comparison of UIHC's operational and functional characteristics to benchmarks of peer tertiary-level teaching hospitals, it was determined UIHC needed to devise a plan that would:

- move to a single-bed patient room model to help to accommodate a family-centered approach to patient care, as well as to address patient privacy and safety issues;
- develop an operating room suite with rooms sized to accept current and anticipated future technology and with sufficient support space to enhance the overall efficient use of the operating rooms;
- create a consolidated facility for the performance of diagnostic and therapeutic procedures using costly imaging technologies and requiring common staffing and supporting services, such as support from anesthesia and specialty-trained nursing and technological staff and patient preparation and recovery facilities.
- provide the level of flexibility and infrastructure to accommodate growth projections over the next 30 years, and;
- address other facility deficiencies and needs as previously described in the Permission to Proceed with Project Planning.

The alternative of accomplishing these objectives within existing facilities was ruled out due to the lack of sufficient space and physical or structural conditions that make existing space unsuitable for meeting contemporary requirements for providing the level and type of services needed in the years ahead. It was therefore determined that new space would need to be

developed and a total of seven site alternatives adjacent to the UIHC and the UI Health Sciences Campus were evaluated.

Following a very thorough review and assessment of each of these sites, it was determined that the area west and northwest of UIHC, on land now occupied by Hospital Parking Ramp 1 and 2, the area south of Ramp II and the Center for Disabilities and Development would best meet the UIHC's needs for future facilities development over the next two to three decades. The selected site, which will be reviewed with the Board at their February 3 meeting, will provide adequate land for establishment of a flexible footprint for long-term expansion; permit good connectivity to the existing hospital facilities and straight-forward circulation patterns; and present a highly visible image for UIHC. The first phase in this multi-phased, multi-year undertaking is the Children's Hospital development.

Beyond the plans evolving from the Strategic Facilities Master Plan that have been summarized above and in the Permission to Proceed with Project Planning, over the past decade a variety of options have been explored to meet the needs of the University of Iowa Children's Hospital. These included the possibility of developing a separate entrance and reception area for the pediatric patients to provide a greater identity for UI Children's Hospital. Ultimately, since pediatric services are now provided in five different buildings, it was concluded that the disjointed space would make it virtually impossible to build an integrated environment. The possibility of developing a distinct identity for the Children's Hospital by placing all ambulatory pediatric clinical services in the Pomerantz Family Pavilion was also considered. However, this possibility was also abandoned since inpatient units, diagnostic and treatment units and other services for children would remain in other buildings and it was not felt that simply consolidating outpatient services in one setting could achieve the objectives that a distinct children's hospital would provide. Each effort magnifies the limitations of constructing an integrated care model of a hospital within an existing hospital. A new facility built from the ground up is the only effective solution.

Impact on Other Facilities and Square Footage: To position the Children's Hospital on the planned site, the southern-most bay of Hospital Ramp 2 will be removed, which includes approximately 40 parking stalls and 3,500 square feet of UI Parking and Transportation offices. Replacements for these parking stalls and offices are being developed by the General University as part of their project entitled *University of Iowa West Campus Transportation Center*. (Note: Regents Bond Counsel has been consulted on the need to raze some Parking System Enterprise spaces and will work with the University and Board Office to assure that bond covenant procedures are followed.)

On completion of this project the space presently occupied by the UI Children's Hospital services will be reassigned to meet the needs of other clinical and support services. The floors currently used for inpatient care will be redeveloped as single occupancy/private rooms to serve the needs of adult patients. The vacated Pediatric Specialties Clinic will be redeveloped to provide other UIHC clinical and support services with space to accommodate future growth. The Center for Disabilities and Development will be razed once emptied to allow the construction of the future phases of the UIHC Master Plan.

Financial Resources for Construction Project: The project will be funded through a combination of University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients,

hospital revenue bond proceeds and designated gift funds. No state capital appropriated dollars will be involved. The preliminary estimate for the internal rate of return over the life of this project is 4.11%.

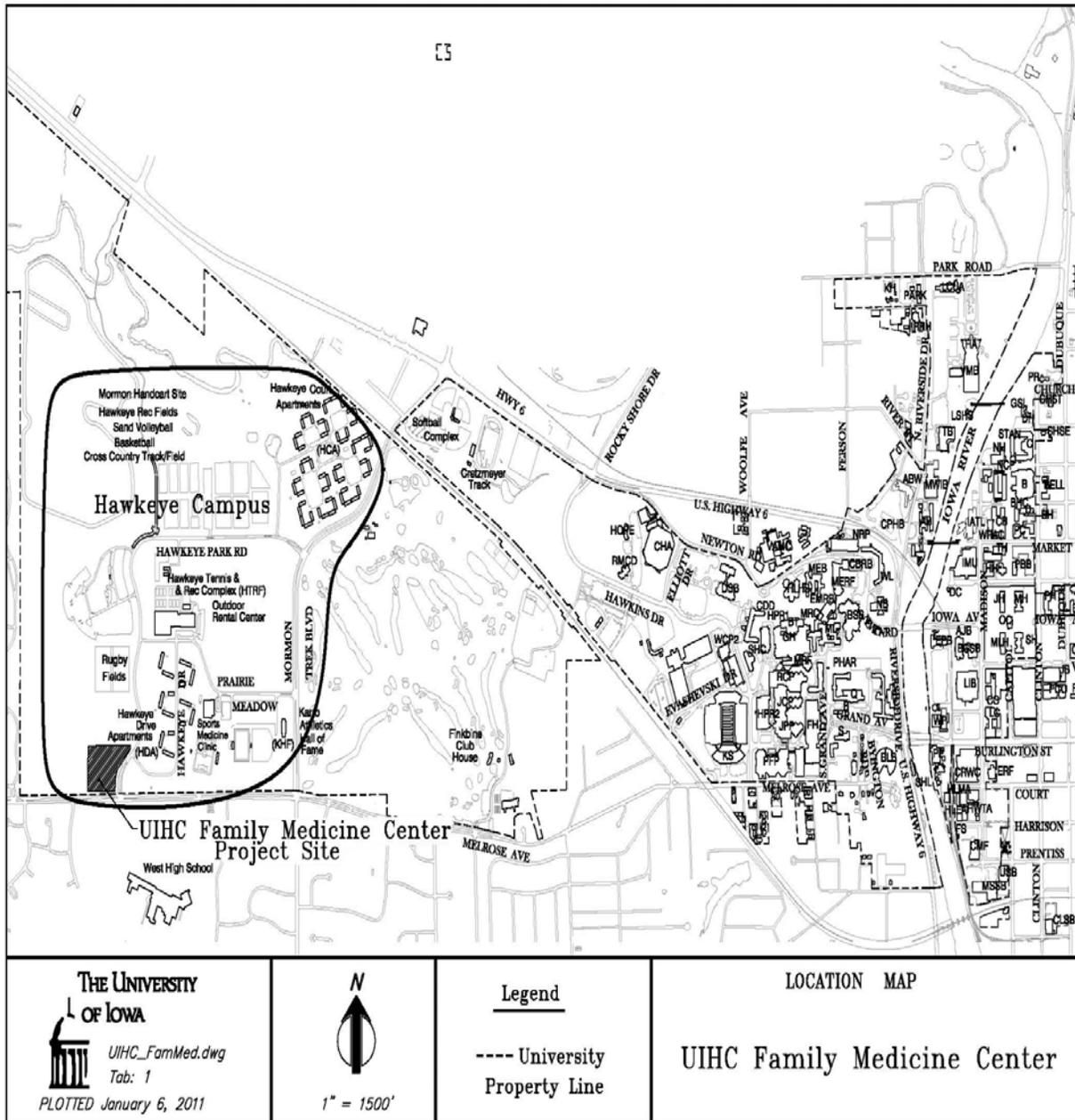
Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs will be hospital operating revenues derived from providing patient care services.

External Forces Justifying Approval: This project clearly responds to societal forces, standards and regulations requiring greater patient privacy, providing adequately sized single-bed patient rooms that conform to standards promulgated in the 2010 Edition of the Guidelines for Design and Construction of Healthcare Facilities, developed by The Facility Guidelines Institute with assistance from the U.S. Department of Health and Human Services and published by the American Society for Healthcare Engineering of the American Hospital Association, and which will likely be adopted by the Joint Commission as accreditation standards, plus the inclusion of physical amenities for patients and their families that facilitate family involvement in the care process.

The proposed new facilities and renovation of existing facilities will also make it possible for UIHC to meet education and training program requirements for providing all trainees with more extensive clinical experiences. Doing so will necessitate making UIHC services available to greater numbers of patients, which in turn will necessitate expanding patient care facilities.

The continued growth in the health care requirements of pediatric patients is another very significant force driving the need for a children's hospital. UI Children's Hospital continues to be the only location in the state that provides comprehensive care in the areas of neuromuscular disorders, rheumatology, cardiac electrophysiology, urology, bone marrow transplantation, solid organ transplantation, medical genetics, and advanced pediatric surgical subspecialty services.

Creating the system of care for Iowa's children and building the new University of Iowa Children's Hospital is essential to expand access to pediatric medical and dental care services to children throughout the State of Iowa; ensure the financial viability and vibrancy of the medical and dental schools and its academic health center through improved economies of scale in the provision of pediatric services; expand research programs; and meet the future pediatric public health needs of the State of Iowa.



THE UNIVERSITY
OF IOWA
UIHC_FamMed.dwg
Tab: 1
PLOTTED January 6, 2011



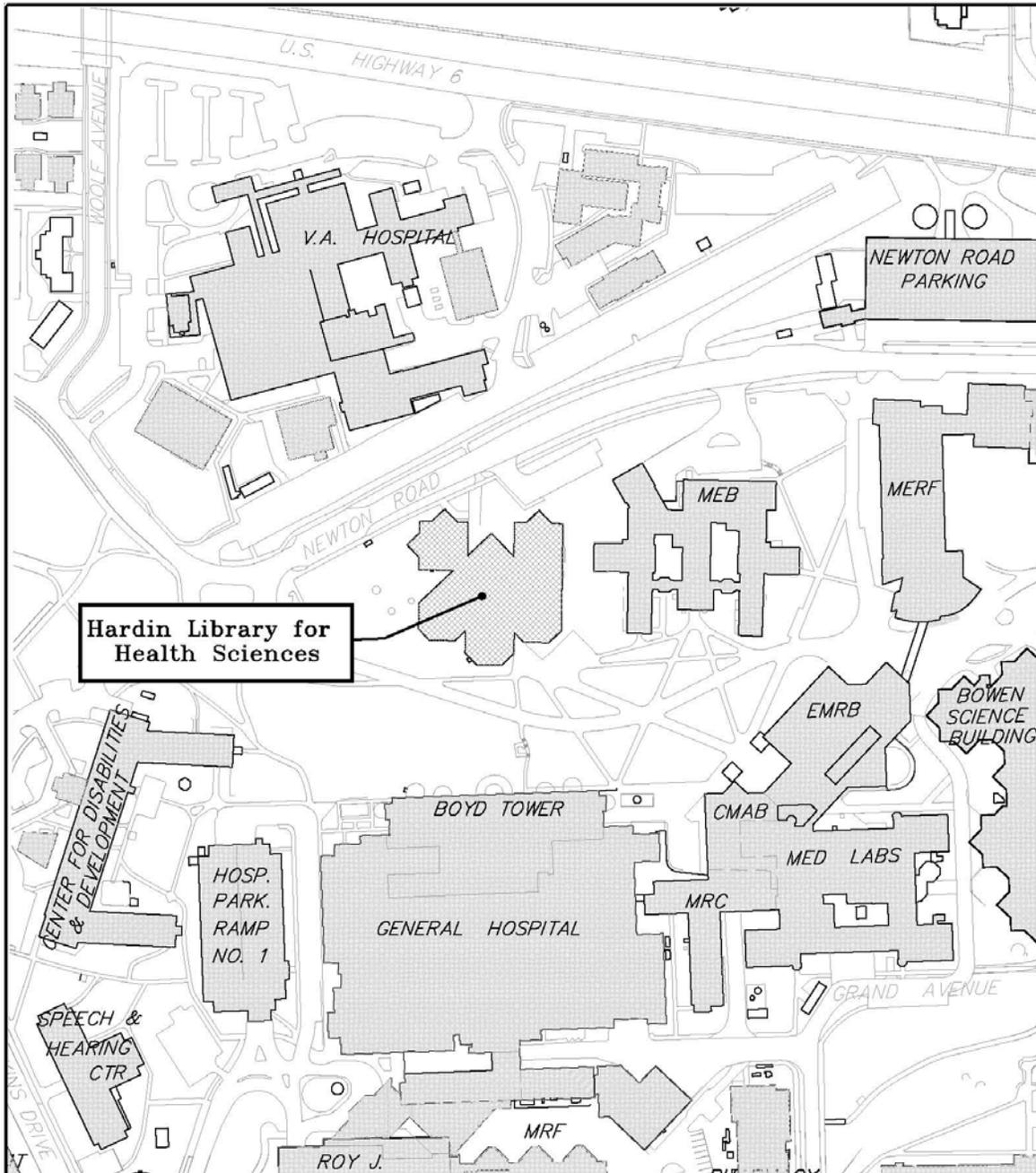
Legend
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Property Line

LOCATION MAP

UIHC Family Medicine Center



Location Map
Community-Based Primary Care Clinic
and Master Site Planning – North Liberty
Highway 965 and Forevergreen Road



<p>THE UNIVERSITY OF IOWA</p>  <p>3-Exhibits\BOR\ HLHS_HVAC.dwg # 0295301 Plotted: Sept. 29, 2010</p>	<p>N</p>  <p>Scale: 1"=200'</p>	<p>Location Map: Hardin Library for Health Sciences Upgrade HVAC and Lighting</p>
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