

**Minutes of the Meeting
of the
Oakland University Board of Trustees
Facilities Committee Meeting
May 6, 2015**

Present: Chair Scott G. Kunselman; Trustee Richard L. DeVore; Trustee Ronald E. Robinson; and Trustee Mark E. Schlussel (via teleconference)

Also Present: President George W. Hynd (via teleconference); Senior Vice President for Academic Affairs and Provost James P. Lentini; Vice President for Finance and Administration and Treasurer to the Board of Trustees John W. Beaghan; Vice President for Development, Alumni and Community Engagement Eric D. Barritt; Interim Vice President Student Affairs Glenn McIntosh; Vice President for Marketing and Communication John O. Young; Vice President for Legal Affairs and Secretary to the Board of Trustees Victor A. Zambardi; and Student Liaisons Scott A. Shermetaro and Walter B. Lashar

Also Present: Associate Vice President for Facilities Management Terry Stollsteimer; Meadowbrook Hall Executive Director Geoffrey Upward; and TMP Architecture President Timothy Casai,

A. Call to Order

Chair Scott G. Kunselman called the meeting to order at 1:30 p.m. at Sunset Terrace.

B. New Items for Consideration

1. Sunset Terrace Tours

Chair Kunselman offered all those present to tour Sunset Terrace (SST) if they so wished. Terry Stollsteimer noted that the original, commercial, mechanical HVAC units are on the second floor. Tours of the main floor, upstairs and basement commenced and continued for approximately 15 minutes.

2. Approval of the Minutes of the Facilities Committee Meeting of March 17, 2015

John Beaghan offered an amendment to the proposed minutes for the March 17, 2015 Facilities Committee Meeting (Minutes), to clarify the difference in total project costs between the bridge and culvert options and isolating the costs of re-routing utilities. The amendment was accepted and the amended Minutes were adopted by those

present, other than Trustee DeVore who abstained because he had not attended the March 17, 2015 meeting.

3. Presentation of Sunset Terrace Historical Background

Mr. Upward presented the historical background of SST, noting that:

- The property was originally owned by John Dodge who married Matilda Roush in 1907;
- The Dodge's added buildings on the property through 1920 and used it as a country retreat;
- The Dodge Brothers also used the property for business purposes and actually designed and tested their first car on the property;
- John Dodge died in 1920; Matilda married Alfred Wilson in 1925;
- In the 1930's they started to add recreational facilities, so it became less of a farm, and more of an estate;
- The Wilson's built SST as a retirement home in 1953, and it was designed after the prairie homes made popular by Frank Lloyd Wright;
- In 1958 the Wilson's founded Oakland University on the property;
- Matilda moved back to Meadow Brook Hall in 1962;
- SST was vacant from 1963 through 1968, when Chancellor Woody Varner began using it as an entertainment venue;
- President O'Dowd also used SST as an entertainment venue through 1973, then began using it as his residence in 1974;
- In 1981 President Champagne also used SST as his residence through 1986;
- From 1986 to 1992 Meadow Brook Hall operated SST as a conference center;
- President Packard then used SST as her residence from 1992 through 1995;
- President Russi then used SST as his residence from 1995 through 2013.

Mr. Upward explained that in 1979 Meadow Brook Farms was accepted by the National Park Service into the National Register of Historic places, and includes SST. The historic registration does not alter an owner's rights to do anything it wants with a building; however, drastic changes could result in the building being taken off the registry. Mr. Upward went on to explain the difference between being in the National Register and being designated as a National Historic Landmark; a National Register of historic places being a lesser designation. SST, as part of Meadow Brook Farms is a National Historic Landmark. National Historic Landmarks connote best-in-class. Contemporary alterations are acceptable to National historic Landmarks if they do not destroy significant historic or architectural fabric, and new additions can be built if they can be removed without impairing the underlying structure.

In response to a question from Trustee DeVore, Mr. Upward confirmed that the University has never received any federal grants to support SST.

4. Presentation of Sunset Terrace Building Assessment

Tim Casai from TMP Architecture (TMP) then presented TMP's assessment of SST from an architectural planning and engineering point of view. Mr. Casai noted that SST is a marvelous example of mid-century, modern architecture that has a place in the history of the last century.

Mr. Casai then referred to *TMP's Sunset Terrace Assessment Document* dated October 28, 2014 noting that TMP assesses such factors as code deficiencies and HVAC deficiencies, or things that would prevent the Board utilizing SST to its highest and best use. More specifically, he noted that:

- There is no fire alarm system in SST;
- SST does not have Americans with Disabilities Act (ADA) compliant door hardware;
- A little bit of hazardous material still remains in SST that would need to be abated;
- There is no wireless service for internet service;
- There are a variety of IT hardware upgrades needed;
- The HVAC system is original, old, and it will ultimately have to be either completely redone or replaced; certainly usable right now but noisy;
- There are other upgrades in terms of finishes, painting, and so forth;
- SST is fully carpeted and in good shape; the roof is in good shape and doesn't need to be replaced anytime soon;
- The windows are in good shape;
- Landscaping needs some updating;
- Paving outdoors has been settling and heaving, and it presents some safety hazards;
- Furniture choices will depend on usage of SST as a home or otherwise and represents different costs.

In response to a question from Trustee Kunselman about cost profiles, Mr. Beaghan referenced the Board materials at Tab 5A that summarizes the costs and some of the items that would be involved if SST were to be the president's residence; Tab 5B that summarizes the costs to be incurred for the museum proposal; and Tab 5C, that summarizes the costs to be incurred for the Development Alumni Center proposal.

In response to questions from Trustee Robinson, Mr. Casai explained that the Level 1 total cost estimate of \$440,000 represents those basic needs almost regardless of use and without changing the style of SST; there being very little difference in Level 1 whether SST is used as a residence or as office space. Mr. Casai went on to explain that Level 2 cost estimate presents the option of updating the kitchen and furniture for residential use. The design of the kitchen replacement has not been done,

representing only an assessment of quality level and a cost projection to include appliances, countertops, plumbing, etc.

In response to a question from Trustee DeVore, Mr. Casai noted that the HVAC continues to operate with normal maintenance done by the University's Facilities Department and is not factored into the Level 1 cost estimate. Mr. Stollsteimer commented that Level 1 represents the bare minimum of improvements and that Level 2 improvements should also be completed.

In response to a question from Trustee Robinson, Mr. Casai explained that furniture replacement and choice would depend upon SST's use, and if used as the President's residence, then also upon the President's preferences.

In response to questions from Trustee Kunselman and Trustee Robinson, Mr. Casai confirmed that Level 1 exterior improvements includes leveling of the patios and making sure that the front entry is even. Also dependent upon SST's use, parking would need to be considered and addressed and the cost of a 30 car parking lot is included if SST were to be used as office space which would satisfy applicable building code requirements. In response to a question from Mr. DeVore, Mr. Stollsteimer explained that at a minimum, 30 parking spaces would be required for use of SST as a museum to meet the applicable building code.

In response to a question from Trustee Kunselman, Mr. Stollsteimer explained that if used as office space, only 10 people would be able to occupy the upstairs areas to meet the applicable building code because there is only one exit route.

In response to a question from Trustee Robinson, Mr. Stollsteimer explained if SST were used as an office, and so long as the same facilities, like conference rooms, are provided on both floors, then no elevator would be required under the ADA.

In response to a question from Trustee Kunselman, Mr. Casai explained that TMP did not estimate the return on investment in terms of energy use if the HVAC systems were to be upgraded. Trustee Kunselman commented that such a study would be valuable in connection with SST uses other than as a residence, and asked that such a study be performed before the Board is asked to make a final decision. Mr. Stollsteimer commented that regardless of the resultant energy efficiencies, the upfront cost estimates would be the same.

In response to a question from Trustee DeVore, Mr. Beaghan confirmed that SST is being maintained although currently not in use.

In response to a question from Trustee Kunselman, Mr. Stollsteimer estimated the demolition cost of SST and to bring the property back to its natural setting would be approximately \$250,000.00.

5. Potential Future Uses of Sunset Terrace

a. President's Residence

Mr. Beaghan noted that the presentation made by Mr. Casai addressed the basic issues associated with utilizing SST as the president's residence.

Trustee DeVore suggested that if used for the president's residence, the furniture owned by the University should be period appropriate; but that the president can supplement that University's furniture with his or her own at their discretion. Trustee Kunselman noted that SST is not situated amongst the University's academic buildings; Trustee DeVore commented that SST is somewhat isolated from the West campus. Trustee Robinson commented that the estimate of \$150,000.00 for a kitchen may be high.

In response to a question from Trustee Kunselman, Mr. Beaghan explained that there are between 25 and 35 concerts a year at the Meadow Brook Music Festival (MMF) and there is a maximum number of decibels artists can project that the University measures.

Dr. Lentini noted that presidential residences are often used for entertaining, but that Meadow Brook Hall (MBH) serves that function well. Trustee Kunselman observed that MBH also has a wider scale in terms of capacity.

b. Dodge Museum

Mr. Upward then presented an option to utilize SST as a museum. Mr. Upward explained that SST is located in the University's cultural, entertainment district, recreational district, which has been re-branded as the Meadow Brook Estate. Meadow Brook estate includes the MMF, MBH, the Golf and Learning Center, and about 40 historic structures making it unique among higher education institutions in Michigan. It sets the University apart nationally as well. The cohesiveness and integrity in telling the automotive country estate story was noted by the Landmarks Committee of the National Park Service when MBH's national historic landmark application was presented in Washington in 2011. The key to these buildings' survival, their condition, their ability to contribute to the University's story and brand is directly tied to their adaptive reuse. So it's really important that the value of SST be considered in context with its surrounding historic landscape.

Mr. Upward then recounted the history of the Meadow Brook Estate, noting that the 1,500 acre estate, MBH, and Oakland University itself were the result of the tremendous success of the Dodge brothers; the interpretation of the Dodge brothers' lives and business success became a central focus of MBH's capital campaign; and the plan was to build a museum, and the University was presented with a proposal from the Dodge division of FCA to locate a Dodge

time capsule and mentoring workshop on the property as the company neared its 100th anniversary, estimates to build a new museum ranged from \$10 million to \$24 million.

Given that backdrop, Mr. Upward recommended utilizing SST as a museum that would include four key elements: (1) a Dodge Museum; (2) a Dodge institute which is an archives and research library; (3) a time capsule; and (4) a Dodge Garage that is a mentoring workshop. All four interpretative elements can be located in SST and offer a balance of program benefits and revenue that would expose thousands of visitors and guests annually to a dynamic interpretation of the historical roots of the University. It would preserve SST, and respect the National Register of Historic Places nature of the East Campus, which is one of the University's greatest brand assets and differentiators. MBH would assume the maintenance, preservation, and operational costs of SST, relieving the general fund of that burden. Significant revenue potential exists through rental of SST. Also, the Dodge Brother's Club is an international club of collectors that has committed to raising \$500,000.00 for a Dodge Museum, which would raise endowment funds for MBH itself, but Mr. Upward noted in response to a question from Trustee Kunselman, that those gifts are aspirational and not firm at this time.

Mr. Upward went on to present a PowerPoint presentation explaining the vision for a Dodge Museum:

- Visitors would enter through a north gallery and experience interpretive panels detailing how the story of the University's creation began with the genius and hard work of the Dodge brothers. The story would continue through the John and Matilda Dodge years here at what was then called Meadow Brook Farms, expansion of the property, the lives of the Dodge and Wilson families, and the founding of the University in 1957.
- The living room would feature the main exhibit gallery for the Dodge brothers' business pursuits including their first model, a 1915 Dodge Touring Car, which we have in our collection.
- Exhibits would be movable to accommodate facility rental by corporations and University departments for such events as, retreats, lunch meetings, cocktail parties, dinners, retirement parties, rehearsal dinners, and group tours and lunches. All events would be promoted, sold, and managed by MBH sales and events staff, the food and beverage service would be provided by Krieger's food service, and so therefore, SST would be added to the MBH's facility rental operation.
- The patio would serve as the primary historic vehicle exhibit space on a seasonal basis both to protect the cars, and to lessen the costs of the operation during the winter months. The patio would have access from the main gallery and display seven or more vehicles that would periodically be changed to keep the exhibits fresh. The patio and outside lawn areas would offer appealing settings for rental business such as

car collector club meets, which demand cannot currently be met at MBH. Community events could also be staged, such as last years' Dodge Days that drew 2,000 visitors to the property.

- To generate additional revenue, a store and café would be installed to include beer and wine sales.
- Exhibits related to the Dodge brothers' personal lives and civic activities would be installed in the bedrooms and den.
- Multi-media active engineering displays would be installed in the farm office, which the Wilson's added in 1960; telling the story of the Dodge brothers' mechanical genius right up to present day innovations of the Dodge brand.
- The second floor would be the home of the Dodge Institute that would include the Dodge archives from MBH's extensive collection, and the Dodge Brother's Club archives. The second floor would also serve as the home of the International Dodge Brothers Club, collectors of Dodge vehicles memorabilia.
- There will also be educational opportunities here; community audiences ranging from area school groups to seniors as well as presenting new opportunities for University students as interns or part-time employees in sales, marketing, curatorial, docents and events support staff.
- The museum could also serve as a student recruitment and retention tool being an effective stop on prospective student campus tours, new student orientations and welcome week.
- The Dodge Garage is another major feature, serving as a mentoring workshop for area at-risk youth. The Dodge Garage would be located in the three-bay garage. Students and their mentors would maintain, or repair the museum's fleet of vintage cars; mentors likely being FCA employees, retirees, and Dodge Brothers Club members.
- A time capsule would be located in a new structure to the East of the Dodge Garage. Featured would be a 1915 Dodge Touring car and a 2015 Dodge Challenger in a combined historic and modern dealership setting.

In response to questions from Trustee DeVore and Trustee Kunselman, Mr. Beaghan explained that MBH in itself, is an auxiliary operation that fully supports itself from revenue from weddings and other events. Similarly, the Golf and Learning is an auxiliary operation. SST operating costs, on the other hand, have always been paid for from the general fund without any auxiliary revenue. Mr. Beaghan confirmed for Trustee Robinson that SST's operating budget is in the general fund. Trustee DeVore noted that potential revenue to support SST operations is certainly an important point to be considered.

Mr. Upward explained that MBH had prepared a pro forma for the Committee's consideration, and was prepared using a conservative approach. Start-up costs are estimated at \$900,000.00, including the time capsule and workshop.

Revenue would include a \$200,000.00 gift from a MBH donor, a \$250,000.00 grant from the Chrysler Foundation, and the balance from MBH reserves.

In response to a question from Trustee Schlussel, Mr. Upward stated that he did not believe SST could have a dual use, as a museum and for development offices because SST actually is not that big. In response to questions from Trustee Robinson and Trustee Kunselman, Mr. Upward stated that utilizing the Dodge Farm House or the Shotwell-Gustafson Pavilion (Pavilion) for the museum had both been considered, but the configuration of the Dodge Farm House would not be conducive to a museum and refurbishing the Pavilion would cost about \$5.5 million; very little would need to be done to SST. In response to questions from Trustee Kunselman, Mr. Upward indicated the museum would use MBH's prep kitchen and not the kitchen located in SST, for food options, furniture needs would be relatively modest, and a 30 car parking lot would be adequate.

c. Development/Alumni Center

Mr. Barritt presented an option to utilize SST for a Development/Alumni Center, explaining that an alumni house on campus has been discussed with donors and the Alumni Association Board. An alumni house would be a place for alumni to call home and to visit when they come back to campus, but also serve as a gathering place for donors, students, the campus community, and community partners. The University currently has 100,000 alumni, with over 70,000 alumni in Southeast Michigan alone.

Mr. Barritt went on to explain that the development staff is located in the Dodge Farm House but also in academic units throughout the campus. The Dodge Farm House offers no room for expansion and SST would provide a solution. SST would provide both internal and external spaces for hosting donors, community events, meetings and other functions on a very regular basis, such as 50th reunion hospitality events, a new series called Arts and OU, volunteer committee meetings, informal board meetings, pre-receptions, dinners, chamber meetings, career networking events, capital campaign events and other philanthropy activities, government relations meetings, advisory board meetings, corporate and foundation events and meetings. Mr. Barritt offered some pictures as examples of how the SST space could be configured and utilized, noting that no architectural changes would be made, and suggesting uses for the hallway, living room, den and library. The outdoor space could also be used for donor and alumni and campaign events. The bedrooms, breakfast nook and storage areas could all be converted into office space for seven full-time staff members, and approximately five students. The garage could be renovated to a similar use as many restaurants where they have seating and glass garage doors. SST would provide a unique venue to host perhaps a couple hundred events per year and to connect alumni back to campus.

Finally, Mr. Barritt referenced a packet of materials to the Committee that contained some examples of alumni centers located around the country and in Michigan.

In response to a question from Trustee Schlusell, Mr. Barritt explained that the cost of renovating SST into an alumni house would depend upon the level chosen, ranging from \$385,000 for level 1 improvements up to \$605,000 for level 3 improvements. Mr. Stollsteimer added that levels 1 and 2 are recommended improvements that need to be done, and level 3 improvements are things that can be done later in time, such as replacement of the heating/cooling units.

In response to questions from Trustee Robinson, Mr. Barritt explained that utilizing SST as an alumni house would not alter the structural integrity should the Board choose to convert the use in the future. He also explained that the Alumni Board support the alumni house proposal.

In response to a question from Trustee Kunselman who indicated he was being purposeful in separating development function from an alumni facility function, Mr. Barritt stated that the two functions cannot be consolidated in the current space, and further assumed that if there were no space limitations, the ideal location for the development office would be the academic campus of the University; the SST location works very well for an alumni house. However, moving the development function to the academic campus would require significant funds that would be difficult to prioritize at this time.

In response to questions from Trustee Robinson and Trustee Schlusell, Mr. Barritt explained that he and Mr. Upward had discussed utilizing SST for both a museum and an alumni house, given that the museum operations would be an approximately nine month operation. However, they concluded that joint operations would not be feasible in the available space. In response to a question from Trustee Kunselman, Mr. Barritt explained that having a dedicated alumni house for alumni would pay great relationship dividends, but choosing one use or the other would be preferable than trying to coordinate the annual use. Mr. Barritt then commented on the alumni houses at the University's sister public state universities.

Trustee Kunselman then itemized follow-up information that needs to be prepared: (1) an energy based analysis of the life expectancies of the existing SST systems and an analysis of the payback should those systems be replaced; and (2) a collaborated effort simply on the seasonality items as to what would be maximum utilization. He also summarized the options presented to date: president's residence; demolition; "mothballing"; museum and an alumni house. He also invited anyone in the audience to submit suggestions they believed were viable.

6. Lower Fields Athletic Complex Authorization Increase

Mr. Stollsteimer summarized the lower field's athletic complex construction as a successful project in terms of building the athletic dome; being in operation since December 2014. There were some unexpected difficulties involved in construction, namely poor soils, wet weather, and buried trees and rubble, which increased the costs of construction. All of the contingency funds were expended, so the administration will be asking the Board to authorize additional funding of \$183,000.

In response to questions from Trustee Kunselman, Mr. Beaghan added that the lessee of the facility, Total Sports, has agreed in principle to amend the Lease Agreement to increase its monthly rent to cover this additional cost, but not structured as the original transaction was wherein the rent also covers the University's equated investment income.

After discussion, the Committee supported Mr. Beaghan presenting the proposal to the full Board for approval at its next formal session.

7. Other Matters to Come before the Committee

Trustee Kunselman commented that it would make sense for the Committee to take a look at additional buildings that fall in that gap between self-supporting and academic so that the Committee has a good understanding of that going into the master planning process.

Trustee Schlusser advised the Committee that he is beginning to receive proposals for alternative uses for the corner of Adams and Walton, and that will be something that the Committee will have to take up from a University facilities point of view in the land use planning process.

C. Adjournment

The meeting adjourned at 3:33 p.m.

Respectfully submitted,



Victor A. Zambardi
Vice President for Legal Affairs,
General Counsel and
Secretary to the Board of Trustees

Approved,

Scott G. Kunselman
Chair
Facilities Committee of the
Board of Trustees