

**Agendum
Oakland University
Board of Trustees Formal Session
June 29, 2010**

AMENDMENT TO THE TOTAL COST OF THE HUMAN HEALTH BUILDING

A Recommendation

1. **Division and Department:** Finance and Administration, Facilities Management
2. **Introduction:** On March 26, 2010, the Governor of the State of Michigan approved Enrolled Senate Bill No. 251 (Public Act No. 27), authorizing funding for Oakland University's (University) Human Health Building (HHB), at a total cost of \$61,748,100; the State share to be \$40,000,000, with a \$21,748,100 University match. The University match is being funded from bond proceeds.

The University has been awarded two grants to enhance the HHB; \$2,738,100, from the U.S. Department of Energy for the implementation of geothermal technologies and other sustainable design features, and \$75,000 from the Kresge Foundation for planning services related to sustainable building initiatives. The projected outcomes of the grant supported work include reducing the annual utility cost of the HHB by approximately 50% and strengthening the building's LEED (leadership in energy and environmental design) rating.

With the additional project scope related to the two grants, the total approved cost of the HHB needs to be increased by these grant amounts, to a revised total cost of \$64,561,200.

On February 4, 2009, the Board of Trustees (Board) approved architectural and engineering services for the HHB to be performed by SmithGroup, Inc, with a fee, including reimbursable expenses and University controlled contingencies, not to exceed \$2,989,150. The architectural and engineering services include schematic design, design development, construction documents, bidding, construction administration, site selection/master planning, pathway design for telecommunications, basic and enhanced commissioning, and management of the State of Michigan Department of Management and Budget approval process. The grants add additional architectural and engineering project scope, resulting in additional negotiated fees of \$313,023, for a proposed revised not to exceed contract with SmithGroup, Inc. of \$3,302,173. The added cost is funded by the grants.

On November 4, 2009, the Board approved The Christman Company as construction manager for the HHB, at a fee, including reimbursable expenses and University controlled contingencies, not to exceed \$2,800,000. The construction management services include pre-construction (budget management, cost estimating, scheduling, constructability reviews and value engineering), general conditions, and construction for the HHB. The grants add additional construction management project scope, resulting in additional negotiated fees of \$150,000, for a proposed revised not to exceed contract with The Christman Company of \$2,950,000. The added cost is funded by the grants.

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3. **Previous Board Action:** On October 30, 2008 the Board approved a Reimbursement Resolution which allows project related expenditures incurred prior to the issuance of tax-exempt bonds to be subsequently reimbursed from bond proceeds. On February 4, 2009, the Board approved the architectural and engineering firm, SmithGroup, Inc. On July 2, 2009 the Board approved the schematic design and program statement. On July 2, 2009 the Board approved a bond issuance not to exceed \$35,000,000. On November 9, 2009 the Board approved the construction manager, The Christman Company, and the total cost of the HHB, not to exceed \$61,748,100. The \$75,000 Kresge Foundation grant was approved by the Board on September 23, 2009. The \$2,738,100 U.S. Department of Energy grant is to be presented to the Board on June 29, 2010 for approval.

4. **Budget Implications:** Architectural and engineering, and construction management services are budgeted in the HHB project budget and the grants budgets. The proposed amended contracts are within budget.

5. **Educational Implications:** The HHB will be the new home for the School of Nursing and School of Health Sciences, as well as ten general purpose classrooms.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** The U.S. Department of Energy and Kresge Foundation grant requests were authored by the University's Energy Manager. The grant awards were approved and processed through the University's Grants, Contracts and Sponsored Research Office. This recommendation was formulated by the Associate Vice President for Facilities Management and reviewed by the Grants, Contracts and Sponsored Research Office, Vice President for Finance and Administration, and President.

8. **Recommendation:**
RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to amend the contract for architectural and engineering services for the Human Health Building with SmithGroup, Inc. to a revised not to exceed amount of \$3,302,173, a \$313,023 increase, to incorporate added project scope related to the U.S. Department of Energy and Kresge Foundation grants, at no additional cost to Oakland University; and, be it further

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to amend the contract for construction management services for the Human Health Building with The Christman Company to a revised not to exceed amount of \$2,950,000, a \$150,000 increase, to incorporate added project scope related to the U.S. Department of Energy and Kresge Foundation grants, at no additional cost to Oakland University; and, be it further

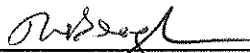
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RESOLVED, that the total cost of the Human Health Building be increased to \$64,561,200, to incorporate added project scope related to the U.S. Department of Energy and Kresge Foundation grants, at no additional cost to Oakland University; and, be it further

RESOLVED, that the contracts be reviewed and approved by the Office of Legal Affairs prior to execution, and be in compliance with the law and University policies and regulations and conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.


9. **Attachment:** None.

Submitted to the President
on 6/15, 2010 by



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6.10.10, 2010
to the Board of Trustees for Approval



Gary D. Russi
President