

**APPROVAL FOR INCREASED COSTS OF THE HIGH TEMPERATURE HOT WATER
PERMANENT REDUNDANCY BOILER PROJECT**
A Recommendation

**1. Division and Department: Finance and Administration and Facilities
Management Department**

Introduction: On October 19, 2025, an initial leak in one of the expansion loops in the underground High-Temperature Hot Water (HTHW) main line was discovered. After initial repairs were completed in November, additional leaks occurred in other main expansion loops. Repairs to the HTHW piping were completed, and the HTHW system was fully operational on December 15th, 2025.

However, the aged infrastructure of the current HTHW piping system presents an ongoing, unacceptable risk of future catastrophic failure and subsequent campus closures. To prevent a recurrence of the system failure and an unplanned campus shutdown, \$17 million was requested to complete the High Temperature Hot Water Permanent Redundancy Boiler Project (Project). On December 12, 2025, President Pescovitz authorized \$17 million for the Project. These actions were taken in compliance with Board of Trustees (BOT) Bylaws, Article II and Policy 410, Section 2C. On February 13, 2026 the Board of Trustees formally acknowledged the \$17 million in funding for the Project. This Project would fund the installation of independent boiler systems for the buildings, eliminating the single point of failure and preventing future campus-wide shutdowns due to the central HTHW system. This redundancy boiler project is in progress, and the bidding process for the work scope has been completed.

As engineering and bidding have progressed, cost projections have been refined to ensure the campus is no longer susceptible to a single point of failure.

The following is a list of items as a breakdown for additional work:

- **Operational Continuity:** During the project construction period, providing temporary cooling by having rental chillers for Varner Hall, Dodge Hall, and North Foundation Hall, and providing temporary heating for the Biomedical Research Support Facility and Varner Hall for a controlled environment for music instruments - \$4.4 million
- **Strategic Scope Expansion:** Design services and installation of expansion loops 6 & 7 and valves to address current small leaks in existing system - \$2.5 million
- **Previous Funding Gap:** Design services for three new main expansion loops and one joint and providing new HTHW piping connections to hook up temporary boilers for the buildings in the absence of permanent boilers - \$1.3 million

The total amount for the above items is \$8.2 million.

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As a result, the latest project cost estimates exceed the prior approved budget by \$8.2 million. A project budget increase is requested, resulting in a total project cost of \$25.2 million.

Board of Trustees' formal approval and confirmation is being sought for the \$25.2 million Project, which will be funded from the University's Working Capital Investment Portfolio Capital Gains.

2. **Previous Board Action:** None.
3. **Budget Implications:** The funding source for this \$25.2 million Project is the University's Working Capital Investment Portfolio Capital Gains.
4. **Educational Implications:** This project is vital to protecting the University's operational continuity and financial stability. This project moves the University beyond temporary fixes toward a secure, long-term heating solution.
5. **Personnel Implications:** None.
6. **University Reviews/Approvals:** This recommendation was prepared by Facilities Management and reviewed by the Senior Vice President for Finance and Administration and the President.
7. **Recommendation:**

RESOLVED, that the Board of Trustees formally approves the project budget increase of \$8.2 million for a total budget of \$25.2 million, not to exceed the budget authorized for use for the HTHW Permanent Redundancy Boiler Project; and, be it further

RESOLVED, that the Board of Trustees authorizes the President, Senior Vice President for Finance and Administration, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments, and documents required by this resolution that are necessary, expedient, and proper in connection with the HTHW Permanent Redundancy Boiler Project and the ongoing administration of the Project; and, be it further

RESOLVED, that said contracts, instruments, and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

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8. **Attachments:** None

Submitted to the President
on Apr 14, 2026, 2026 by



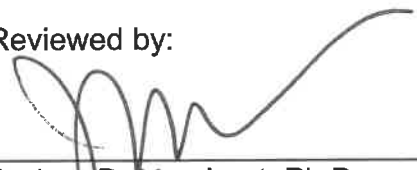
Stephen W. Mackey
Senior Vice President for Finance and
Administration and Treasurer to the Board of
Trustees

Recommended on 4/15, 2026
to the Board of Trustees for Approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees