

**Agendum
Oakland University
Board of Trustees Formal Session
April 14, 2022**

**APPROVAL FOR PURCHASE OF
1500 UNIVERSITY DRIVE, AUBURN HILLS**
A Recommendation

1. **Division and Department:** Academic Affairs, Finance and Administration, and Facilities Management Department

2. **Introduction:** Oakland University (University) needs additional instructional, research and operational space. The 2016 Campus Master Plan identified a research space shortfall and projected that the shortfall will increase by 2025. Even with the addition of the new off campus research building, there are still severe research space shortages in many disciplines. Faculty are currently being hired with no assignable space. In addition, classroom and operational space is also severely limited and is creating obstacles to student success, program growth, and accreditation. The growth of programs in healthcare and human services-related fields and others are currently being stifled by a lack of space. Our Graphic Design major is turning away students because we cannot offer enough course sections of the required classes. Furthermore, we have waitlists on courses to be offered because we do not have available classroom spaces. Delays in campus construction will exacerbate the shortage of classrooms as we return to pre-COVID-19 status with more face-to-face classes.

University representatives have toured numerous potential properties within a several mile radius of campus and selected the 1500 University Drive, Auburn Hills as the recommended site.

The Property consists of 18.2 acres and 141,245 square feet with over 70 classrooms and associated office spaces. The site is located approximately two miles west of the Oakland University main campus.

One program that would benefit from acquisition of 1500 University Drive is the School of Health Sciences (SHS) for the Master of Physician Assistant Science (MPAS) Program. MPAS recently completed the curricular approval process and is expected to start in Fall 2023. The MPAS Program has both enormous demand and growth opportunities. Given the large numbers of applicants for PA programs throughout the nation, we expect to garner over 1,000 applicants for 33 to 60 spots. Shortly thereafter, MPAS will also be generating substantial revenue for the university.

Additional programs with strong growth potential in healthcare-related fields include our Master in Public Health (which has recently doubled in enrollment), nursing, and other health and human services-related disciplines. Given the proximity to Pontiac, the 1500 University Drive location also supports our goals of increasing community engagement,

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applied research, and service learning, thus furthering our strong stewardship of place through the establishment of clinics and/or training centers.

Another cadre of disciplines that will benefit can be found in the School of Education and Human Services (SEHS). Graduate programs associated with the Autism Center and related research are an excellent fit for 1500 University Drive. Additionally, we may relocate the ABA Clinic or other autism programs in this location. Grouping programs in proximity encourages interprofessional training and collaboration opportunities for our students and faculty.

The purchase of the 1500 University Drive building will furnish the space we need to continue to grow successful programs and facilitate the reorganization of non-student facing operations. Moving some of our non-student facing operations off main campus allows for expansion of other services into those vacated spaces.

The cost to build a new instructional, research and operational building is estimated to exceed \$500 per square foot. Purchasing a facility that can be remodeled into instructional, research and operational space will result in significant cost savings. The currently occupied spaces can then be repurposed for the multiple disciplines on campus.

With the assistance of a real estate broker, the University has signed a Letter of Intent to purchase the Property for \$8,150,000 (\$58/square foot), subject to satisfactory completion of appropriate due diligence and approval from the OU Board of Trustees. The Property was independently appraised by Integra Realty Resources at \$8,900,000.

The due diligence process is complete and includes thorough building inspections and completion of a Phase I environmental assessment to be conducted by Soils & Materials Engineers, Inc (SME).

Initial anticipated maintenance and renovation costs to prepare the Property for use are estimated at \$8,000,000 and will be funded by a combination of grants, donations, state and federal program and infrastructure funding, program income, rental income, and/or reserves.

It is recommended that the Board authorize the Interim Vice President for Finance and Administration to purchase 1500 University Drive, Auburn Hills.

3. Previous Board Action: None.

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4. **Budget Implications:** The funding source for this purchase and renovation is a combination of grants, donations, state and federal program and infrastructure funding, program revenue, rental income, and/or reserves. Incremental operating costs (e.g. utilities, custodial, maintenance, insurance, security) will be incorporated into future General Fund budgets.

5. **Educational Implications:** The Property will be dedicated to expanded instructional programs, research, and community partnerships.

6. **Personnel Implications:** Incremental maintenance, custodial, and security personnel will be identified based on needs and standard staffing protocols.

7. **University Reviews/Approvals:** This recommendation was formulated by the Associate Provost for Operations and reviewed by, Executive Vice President for Academic Affairs and Provost, Interim Vice President for Finance and Administration, Vice President for Legal Affairs, and President.

8. **Recommendation:**

RESOLVED, that the Board of Trustees (Board) authorizes the Interim Vice President for Finance and Administration to execute a purchase and sale agreement with JMF2, LLC, to purchase 1500 University Drive, Auburn Hills (Property) for \$8,150,000; and, be it further

RESOLVED, that the Board of Trustees approves the 1500 University Drive Renovation Project at a not to exceed cost \$8,000,000; and, be it further

RESOLVED, that the Board waives the Board Policy requirement that the Property be evaluated by three qualified appraisers; and, be it further

RESOLVED, that the Board authorizes the President, Interim 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 purchase of the Property; and, be it further

RESOLVED, that said purchase and sale agreement, 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 University policies and regulations, as well as conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

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9. Attachments: None.

Submitted to the President
on 4/12, 2022 by



Britt Rios-Ellis, M.S., Ph.D,
Executive Vice President for Academic
Affairs and Provost



James L. Hargett
Interim Vice President for Finance and
Administration and Treasurer to the Board of
Trustees

Recommended on 4/11, 2022
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



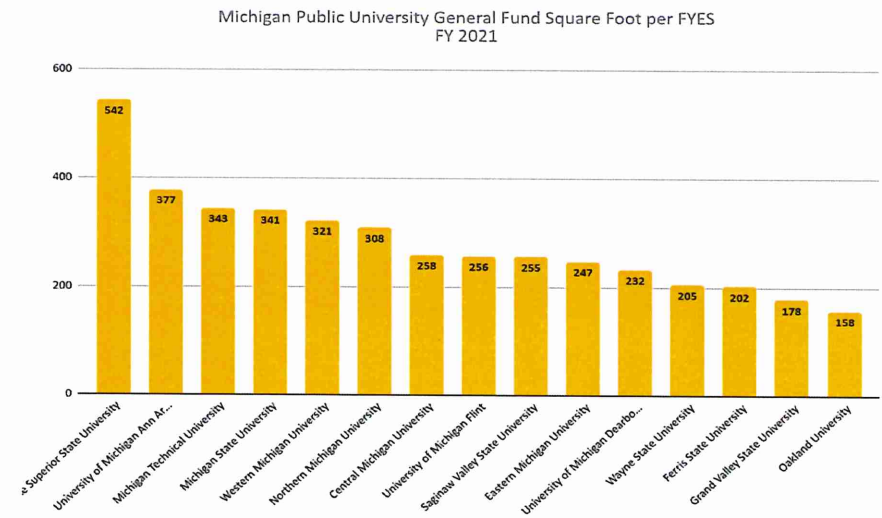
1500 University Drive Property Purchase

Britt Rios-Ellis
Executive Vice President,
Academic Affairs & Provost

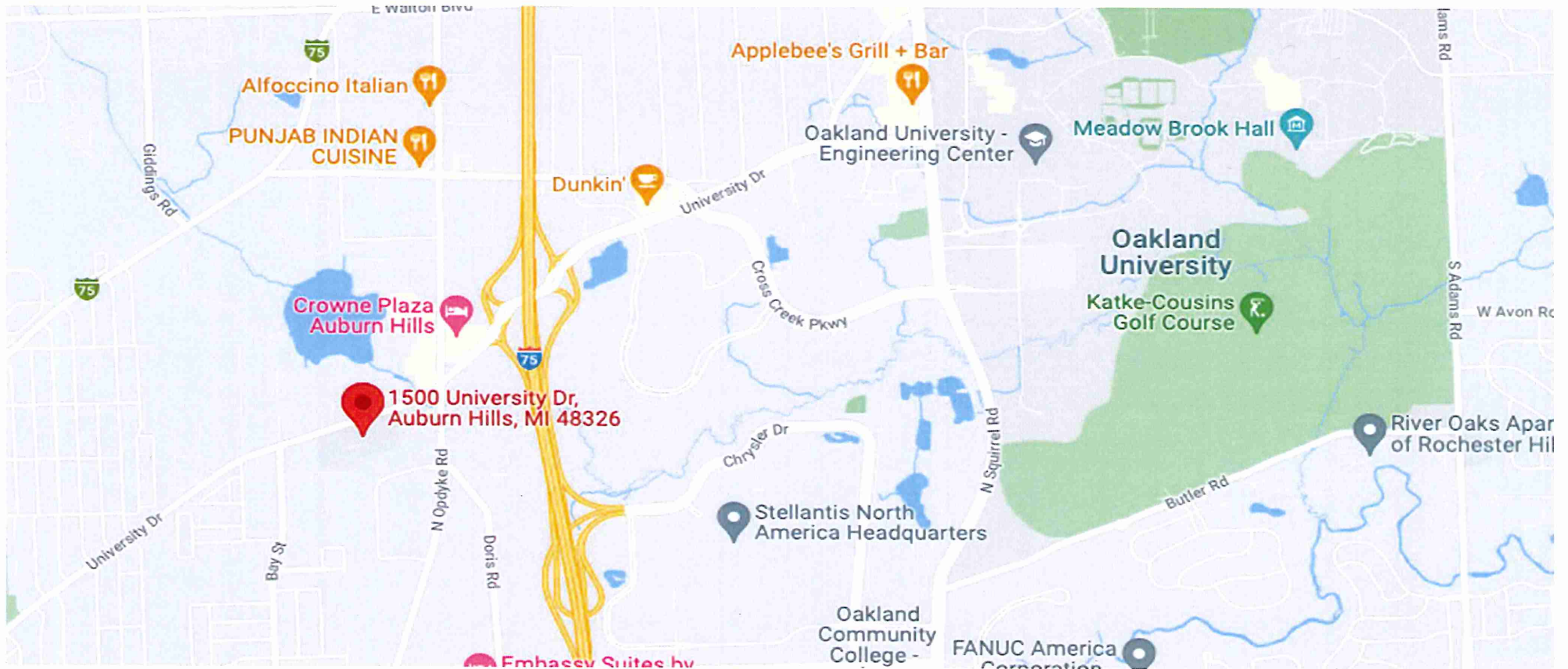
Jim Hargett
Interim Vice President,
Finance & Administration

Why do we need more space?

- Managing more than 226 academic space requests
- No new program (MPAS, MSW, MOC) & expansion of existing program opportunities (DPT, NP)
 - Student capacity is limited
- Accredited programs have strict space requirements
- Lowest space allocation per student in MI
- Renting space & continuing to seek space
- Losing valuable collections
- IPE, niche programs, telehealth, revenue generating clinics, research
 - Missing revenue opportunities
- Service learning & community engagement

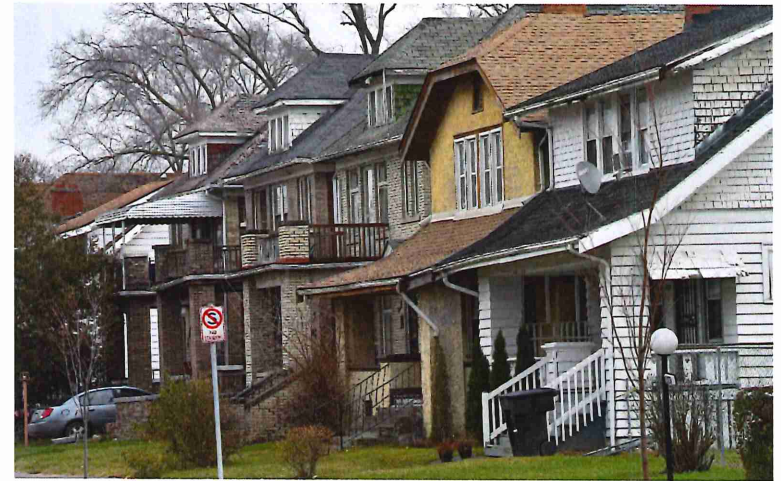


LOCATION



STRATEGIC LOCATION

- Serves as a bridge for programs, activities, and partnerships to build our pipeline with Pontiac
 - Strengthens the OU-Pontiac Initiative
- Short-term plan to include City of Pontiac civic organizations & foundations as tenants
- Reinforces OU's stewardship of place



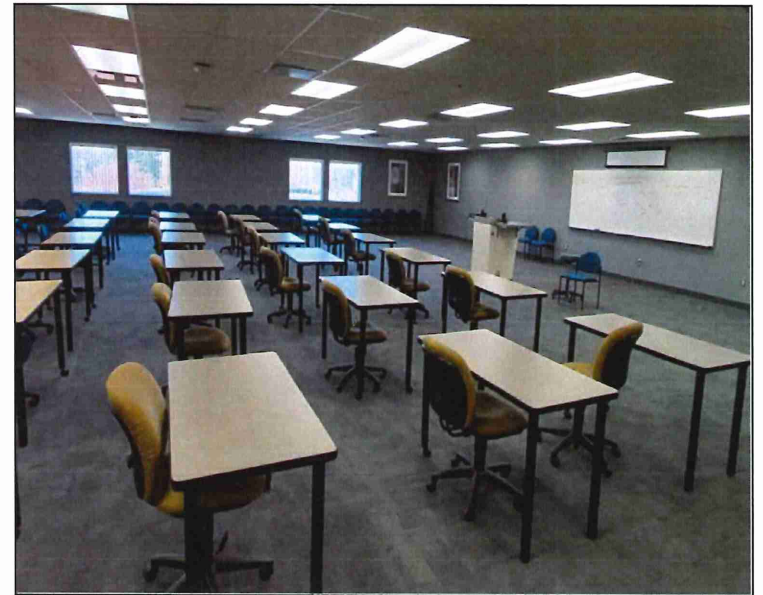
Strategic Investments

- The building has 141,245 square feet on an 18.2-acre site.
- More than 70 classrooms along with office spaces, work rooms, and conference rooms.
- Allows for the expansion of School of Health Sciences, Nursing, Social Work, ABA Clinic and other critically needed programs.



Strategic Investments

- Interdisciplinary Opportunities
 - Data Science Program & Cybersecurity development space
 - Digital Transformation (SECS, SBA & CAS)
- Interprofessional Opportunities
 - IPE Training with PA, PT, MPH, Nursing, OUWB & MSW students



Strategic Investments

- Community Engagement
 - Community-facing Centers & Institutes
 - Community-engaged funded research collaboration
 - Counseling Services
 - Professional & Community-engaged conferences—numerous health/medical fields
 - Telehealth Center
 - Clinics (e.g. Clinics in collaboration with Nursing, Health Sciences & OUWB)



Phases to Full Space Utilization

Phase One (move-in, up to 1 year)

- Purchase: \$8.15M
- Fundamental move-in costs
- Improvements/renovations
- IT / Classroom technology
- Subtotal for initial costs \$8.00M

Total costs first year \$16.15M

Funding Sources:

- Grant funding (signed) \$1.6M
- ITEM funding (pending) \$9.5M
- Philanthropy (pending) \$5.1M

Total funding first year \$16.20M



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Phases to Full Space Utilization

Phase Two (Years 2-5)

- Renovations/Maintenance \$5.0M

Funding Sources

- Additional program revenue generated
- Philanthropy
- Infrastructure / equipment grants
- Reserves



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